

The **NATIONAL UNDERWRITER**

NATIONWIDE INSURANCE COVERAGES

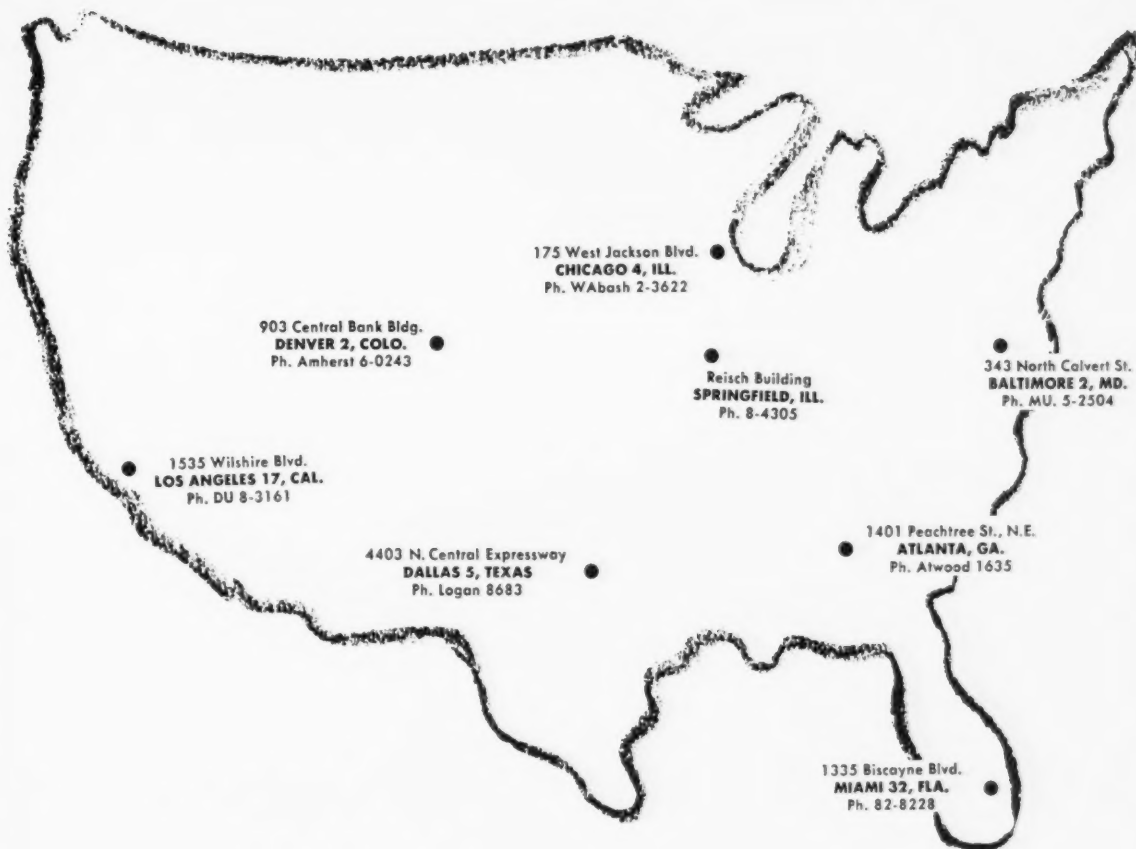
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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

59th Year, No. 21
May 26, 1955

N. Y. Hearings on Allstate Rate Cut Wind Up

Allstate Favored, NYFIRO Charges; Allstate Says 'Lodge' Wants Status Quo

NEW YORK—Allstate was not held to the same standards of the rating law applicable to members and subscribers of New York Fire Insurance Rating Organization when it was granted a 20% cut in dwelling fire and extended coverage rates, Abraham Kaplan, counsel of NYFIRO, argued during the wind up of the hearing called by Superintendent Holz of the insurance department here to test the adequacy of the Allstate rate cut. Yet, Mr. Kaplan declared, Allstate here and in other states is obtaining a priority position in the fire insurance business. Its filing is based on a combination of belief and opinion, and on this base it could go in and raid any line at its own convenience.

Henry S. Moser, vice-president and counsel of Allstate, countered, in his summation, with the wonder if Mr. Kaplan is still living in a dream world. NYFIRO companies, he charged, are still attempting to perpetuate what they were doing years ago. The rating laws give an insurer the right to act independently "and to stay out of this lodge" (NYFIRO), he declared.

Counsel for both sides presented their points with clarity and force, and for the audience, which had dwindled a good deal in comparison with the early days of the hearing, the presentations were fast, full of conclusions and impressive. Mr. Kaplan did a particularly good job, as did C. P. Butler, of counsel for NYFIRO. Mr. Moser was as usual dramatic and vigorous. Joseph M. Proskauer, of counsel for Allstate, seemed somewhat too subdued for effect, largely because of his deliberate avoidance of "advocacy."

Mr. Holz indicated he could not possibly hand down his decision by May 27, as he had indicated he intended to do. Instead of reaching a decision before he goes to the commissioners meeting in Los Angeles, he will reach one after he returns.

Mr. Kaplan reviewed the intention of the New York legislature with respect to rate making, beginning with the Merritt committee in 1911, which emphasized the evil effects of open competition. Smaller and weaker companies went to the wall. Rate cutters sought to get the business on the books and make up their losses later. Open competition always leads to discrimination in favor of the policyholder with influence.

Can there be open competition in fire insurance that won't be extreme, Mr. Kaplan wondered. The grocer knows what his goods cost him. The underwriter can gamble that he will

(CONTINUED ON PAGE 30)

CARSON PRESIDENT

Fierce Fight on for Auto Business, Rearden Tells NAUA

A fierce competitive struggle for auto business was forecast by William B. Rearden, executive vice-president of Firemen's of Newark who retired as president of National Automobile Underwriters Assn., at its annual meeting at New York. Ellis H. Carson, president of National Surety and vice-president of Fireman's Fund, was named his successor.

Other officers are A. C. Seymour, deputy U.S. manager and executive vice-president of Royal-Liverpool group, vice-president, and Tudor Jones, vice-president of Aetna Fire, treasurer. Howard S. Omsberg continues as secretary and manager.

Directors at large named were J. Harry Bibby of U. S. F. & G., R. I. Catlin of Automobile, L. L. Lukes of Motor Ins. Corp., J. R. Robinson of Phoenix Assurance, and R. A. Leeret of Glens Falls, who was named to complete the one year left of Mr. Jones' term.

Regional directors are Gilbert L. Kerr of America Fore group, east; William B. Miller of American of Newark, Pacific Coast; Manley Stockton of Hartford Fire, south, and Frank L. Ludington of Atlas, west.

Mr. Rearden reported that auto physical damage premiums were approximately \$1,750,000,000 in 1954, about 10% less than in the previous year, and said he expected automobile premium income to decline due to improved experience and resultant rate reductions. However, automobile premiums, both fire and casualty, still remain the largest single class of business.

(CONTINUED ON PAGE 3)

N.C. Agents Name Noblin; Claim Work Praised by Gold

North Carolina Assn. of Insurance Agents elected W. W. Noblin of Durham president at its annual meeting at Pinehurst at which Commissioner Gold commended the agents for an outstanding performance in the processing of Hurricane Hazel claims. The meeting had a record turnout of 450.

Other officers are J. M. Anderson of North Wilkesboro, vice-president; Charles Harris Jr. of Rocky Mount, secretary, and J. C. Allison of Raleigh, treasurer. Named as directors were Hiram Grantham of Red Springs, John N. Hackney Jr. of Winston-Salem, E. Fred McPhail of Charlotte and Paul Davis of Waynesville.

Mr. Gold said that reports filed with his office show that about 98% of the claims from the hurricane have been settled. The lack of adverse legislation from the general assembly gave proof, he said, that the state is aware of the good job that has been done.

The convention theme was built around public relations and one of the resolutions adopted authorized a unified statewide public relations program to coordinate with those being developed by local boards.

A feature of the program was the awarding of trophies for outstanding work. Alexander Webb of Raleigh, the association's first president and its only surviving founder, received the trophy named in his honor. It is given to an outstanding company man.

J. C. Allison of Raleigh received the Coghill trophy, John Henderson of Goldsboro the Connor cup and the Greensboro local board the Thomas Gresham Redden trophy.

Texas Agents Rally Draws Crowd of 1,200 To Galveston

Porter Ellis Succeeds Joseph Vincent As Association President

GALVESTON—Socialistic insurance and the cooperative theory has frightened some agents to the point where they are seriously thinking of adopting this philosophy and discarding the free enterprise doctrine on which their phase of the insurance industry has flourished, Joseph Vincent, retiring president of Texas Assn. of Insurance Agents, told some 1,200 agents and company representatives at the association's annual convention here last week.

Officers installed at the three-day session were: President Porter Ellis, Dallas; vice-president Marion Sanford, Lubbock, and directors Thomas Gooch, Jr., Ft. Worth; Ray Hughston, Brownsville, and M. Storey Lindsay, Houston.

Forrest S. Pearson, immediate past president of the association, presided at the installation while the special installing officer was past president Thomas S. Gillis of Fort Worth. Mr. Gillis had installed the father of Porter Ellis as president of the association 20 years ago.

Edward W. Hildebrand, president of the Galveston Insurance Board, gave the welcoming address at the first general session.

The convention program included addresses by fire commissioner Mark Wentz; Joseph A. Neumann, president of the National association; David Gray of Afco, and a panel discussion of automobile insurance.

In his address, Mr. Vincent said that there are also agents who sell themselves on the proposition that merchandising techniques and customer buying habits are changing to a point where the stock companies are going to "junk" their agents and go direct.

He said that in the light of recent developments, most agents have asked themselves: "Has my business reached its climax? Am I at the apex of my career? Have merchandising techniques and customer buying habits changed to a point where my procedure has become antiquated and is being bypassed? Would I not be better off in trying to compete with the direct writer by using a participating carrier?"

Mr. Vincent said the mechanics that must be employed to preserve "the place of privilege" enjoyed by stock company agents has been "hashed and rehashed." They can be found in trade journals and should be heeded, he said. But what an agent needs more than anything else is "the courage of his convictions," which he called a character trait that "possesses a man

(CONTINUED ON PAGE 35)

Late News Bulletins . . .

NYFIRO to Appeal Harris Decision

New York Fire Insurance Rating Org. was expected this week to appeal to the courts the decision of Raymond Harris, deputy superintendent of insurance, on the application of NYFIRO for a hearing on Allstate's dwelling filing. Mr. Harris ruled that NYFIRO was not entitled to a hearing because it was not an aggrieved party. The appeal will be to the supreme court, which is the court of initial jurisdiction in New York.

After the ruling by Mr. Harris, Leffert Holz became superintendent and called the hearing which wound up last week.

WC Rates in New York to be Cut 14%

New York workmen's compensation rates will be reduced by \$41 million annually effective June 1 because of the favorable experience, it was indicated by Insurance Superintendent Holz in a public appearance at a New York City dinner. He said the cut would amount to about 14%.

Try Reinsurance Deal for Guaranty F. & M.

The South Carolina insurance department is attempting to negotiate the reinsurance of Guaranty F. & M. of Columbia, which is in difficulties. Producers have been notified not to bind additional business. The company, organized in 1950, and licensed only in South Carolina, has been active in other states via non-admitted insurance of excess lines. The company had a loss in net income of \$75,587 in 1954 on premiums written of \$734,294.

Arkansas Agents Elect Simon Joseph at Record Annual

Registration for Lively Sessions at Hot Springs Tops 460 Mark

HOT SPRINGS—Simon Joseph, Pine Bluff, was elected president, and A. J. Johnson, El Dorado, was named vice-president, at the Arkansas Assn. of Insurance Agents' annual in Hot Springs which set a registration record of more than 460.

Other officers named include Lawrence Derby, Warren, as state national director, succeeding Robert Maxwell, Texarkana, who was named alternate state national director; C. G. Mitchener, Marianna, secretary emeritus, and retiring president Orin L. Becker, Lepanato, chairman of the association executive committee. For Mr. Mitchener, the association's secretary for some 30 years, the convention was the 39th consecutive annual he has attended.

Conference Committee Chairman H. Fulton Murphy, Pine Bluff, was honored with the presentation of a plaque and a travelling bag in appreciation of his decade or more of service. The plaque bore signatures of the 22 living past presidents of the association.

W. G. Cobb, Little Rock, received the Allan Kennedy memorial award, named after the association's first president.

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SPEAKS AT DETROIT

Pilling Takes Issue With the 'Merchants of Gloom'

Neville Pilling, U. S. manager of Zurich, urged those attending a meeting of Detroit Assn. of Insurance Agents to "stop listening to the merchants of gloom." He took issue with those who say that public relations of the insurance business are hopelessly bad, that mutuals and direct-writers are taking over the business, that business itself is bad, or that the stock companies charge too much.

"I am much less afraid," he said, "of the comparatively few persons in public life who think they see reason to criticize us, than of that growing number within our own ranks who, knowing better, rush onto rostrum or into print with so-called problems that are either non-existent or capable of settlement quickly and quietly in the conference rooms."

"I am weary of hearing company executives proclaim that we can't make our product understood because it is 'intangible'; or hearing some producer declaim that the mutuals and direct-writers 'are getting all our business.'"

Mr. Pilling said he would not waste time crying over a risk he didn't write or wasn't clever enough to keep when the record books show that 10 other producers, either more clever or more practical, had been writing twice to 20 times as much business the same day.

(CONTINUED ON PAGE 36)

Suggests Private Crop Coverage

American Insurance Assn. members have accepted a report by a special committee that recommends a private program of crop insurance.

The report is based on the following statement of general principles: That the insurance business should, if possible, enter the field of crop insurance to discourage further government competition; that such a program is feasible to institute, subject to proper limitations such as amounts and areas of coverage; that there would be no government participation in the program and that it should permit individual company underwriting.

The recommended program is designed to appeal to the better class of farm and is intended to be self-supporting—as contrasted with the subsidized nature of the federal crop insurance corporation program.

It is not intended that private companies compete with the FCIC in marginal and submarginal areas, nor that rates meet the level of those of FCIC. It is expected that the appeal to the better farm will lie in more complete protection rather than reduced premium cost.

The proposed program would provide for coverage on a named-peril basis with an indivisible premium, no selection of perils and amount of insurance applicable to perils other than those covered by the standard crop-hail policy limited to 35% of that coverage.

It is believed that a private crop policy would be more saleable if it included crop-hail coverage in the same form now familiar to and approved by most farmers. Farmers not wishing to buy the broader coverage would retain the option of buying standard crop-hail policies.

AIA said the business hopes that a private crop insurance program, even on a limited basis, would result in the government's abandonment of its experimental operations in this field, consistent with the established policy of the Eisenhower administration, and would result in the FCIC program being placed on a self-supporting basis eliminating unfair competition with private business.

Since AIA is a trade organization, adoption of the suggested cover of crops will depend on independent action by member companies.

Ohio ML Bill Now Needs Only House-Senate Agreement

COLUMBUS—The multiple line bill has been passed by the Ohio senate by a vote of 26 to three. The bill will now go back to the house for concurrence in amendment. The senate version has the support of Ohio Assn. of Insurance Agents.

Passage of the multiple line bill by both houses of the general assembly marks the successful outcome of a prolonged fight.

National Board Holds Annual Meeting

NEW YORK—National Board is holding its annual meeting at Hotel Commodore here Thursday. Annual reports on all phases of the board's operations are being given.

J. O. Hatch Elected At Record Breaking Georgia Agents Meet

Crowded Atlanta Session Features Competition, Legislative Problems

BY JAMES C. O'CONNOR

With a record breaking registration of 677, Georgia Assn. of Insurance Agents combined pleasure and serious business discussions at its convention in Atlanta last week, electing J. O. Hatch, Savannah, president to succeed James P. Walker, Augusta. Membership was at an all time high, 726, finances in excellent shape and the tone of those in attendance alternated between satisfaction with the administration of Mr. Walker and the work of Executive Secretary G. D. Fairleigh and determination to fight aggressively the present competitors of the American agency system.

The aggressive spirit of the meeting was reflected in the resolutions, one of which criticized insurance company offices for selling personal insurance to their employees, less commission, and another opposed the rating of homeowners policies on any basis which did not follow the National Board town classification. This resolution explained that these policies are not cleared through the rating bureau audit department, so there is no way in which rate bases can be enforced, but asked the companies to adhere to town classification standards in the interest of sound underwriting and honest competition.

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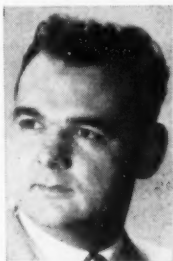
LONDON	NEW YORK	BIRMINGHAM	GLASGOW	TORONTO
SYDNEY	MONTREAL	PHILADELPHIA	HONG KONG	CHICAGO

T. C. Anderson Jr. Joins Yorkshire in Southwest

T. C. Anderson Jr. has joined Yorkshire as casualty manager of the southwestern department, with headquarters at Dallas. Before being assigned to Dallas he spent some time with Yorkshire's Chicago branch.

Mr. Anderson for two years was a special representative for Griffiths, Tate, Ltd., a Chicago Lloyds office managed by his father, T. C. Anderson Sr.

The new Yorkshire casualty manager is familiar with the southwest, traveling that area for Griffiths, Tate, and earlier for a Texas insurer. He started in insurance in 1945 with Fireman's Fund. He is an air force veteran.



T. C. Anderson Jr.

Mo. Legislature Active on Many Insurance Bills

Proponents of Missouri senate bill No. 296, which greatly broadens and strengthens the powers of the superintendent of insurance in dealing with certain unfair trade practices in the insurance business are hopeful they will be able to obtain final passage of the measure in the house in the near future. The bill has already been perfected in the house and when the proponents feel there are enough for a constitutional majority on passage it will be called for final action on the house floor.

The senate insurance committee had a hearing scheduled for May 17 on the house committee substitute for the house bill on fire and casualty insurance agents' and brokers' qualification. The amended bill was passed by the house on May 11. Proponents of the bill are hopeful they can get it through the senate before final adjournment of legislature on May 31.

A bill designed to compel the use of attorneys for adjustment and settlement of all insurance claims has been placed on the informal calendar, there to die by one of the sponsors, Senator Charles Madison of Kansas City. Two other bills supported by attorneys designed to eliminate the immunity from damage suits for personal injuries enjoyed by hospitals and other institutions have met defeat in the house. A bill relating to the immunity to suit and liability of any person, association, trust, corporation, institution, legal entity or political subdivision of the state, and the waiver thereof to the extent that such liability is voluntarily insured or indemnified by any other person, with provision for entertaining such facts (the amount of their insurance protection) failed when called up for a vote on final passage in the house.

Another bill relating to the liability of benevolent, charitable, religious education or scientific organizations for injuries to persons or property resulting from their negligence or the negligence of their agents or servants and the procedure for the recovery of damages, was also defeated when a vote on perfection was taken in the house. There is senate proposal for a constitutional amendment providing for annual sessions of the Missouri general assembly to be submitted to the vote of the people on Oct. 4.

Assigned Risk Plans of Col., Wyo., N. M. Elect

The assigned risk plans of Colorado, Wyoming and New Mexico, which are managed by R.G. Shurtleff, elected the same governing committees for each state at a meeting in Denver. Those on the committees, their companies and

the insurance group they represent are:

Oscar Swanson of Liberty Mutual, Mutual Bureau, chairman; Andrew J. Luck of Fidelity & Casualty, National Bureau; W.E. Searle of State Farm, National Assn. of Independent Insurers; J.H. Silversmith Jr., of Guarantee, all other stock insurers; and Thomas Gibb of Manufacturers & Wholesalers Indemnity Exchange, all other non-stock insurers.

Mr. Shurtleff reported that the number of assignments processed had increased slightly in 1954 and that the cost per application had increased from \$1.18 to \$1.52.

F&D Promotes Hoge, Lee and Meredith

Fidelity & Deposit has appointed Charles E. Hoge and James R. Lee managers in Louisville and Oklahoma City, respectively, and promoted Everett T. Meredith associate manager in Louisville.

Mr. Hoge, who joined the company in 1929, has been manager at Oklahoma City for five years. He succeeds George Horschel, retiring after 34 years with the company.

Mr. Lee, taking over Mr. Hoge's

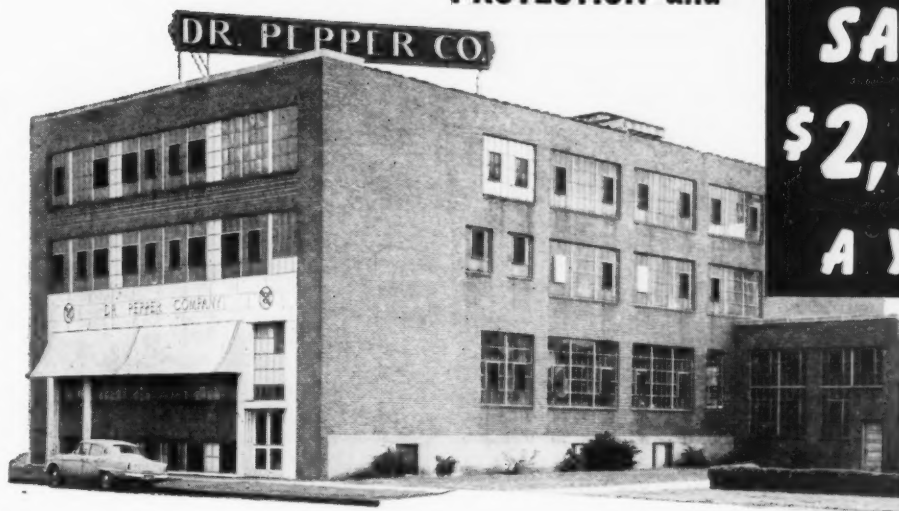
Oklahoma City post, has been assistant manager in Kansas City since 1954. He formerly was an examiner for the Kansas insurance department.

Mr. Meredith, who joined the company in 1941 and has served as special agent in Baltimore, Philadelphia, Indianapolis and Memphis, has been assistant manager at Louisville since 1950.

Employers Names Manson

Employers group has named James Manson superintendent of underwriting for the Michigan department.

DR. PEPPER COMPANY branch syrup plant, Birmingham, Ala., protected *Automatically* gets better **FIRE and BURGLARY** PROTECTION and



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E. G. Millican

Vice President in Charge of Production

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Mutual Management Conference Program Set For June 19

The program has been prepared for the management conference of Conference of Mutual Casualty Companies, June 19-22, at the Calhoun Beach hotel, Minneapolis.

Subject of the first conference session is "Executive Communications in Effective Use in Creating Co-ordination and Group Thinking." Scheduled to speak are Irving J. Maurer, treasurer of Farmers Mutual Auto of Madison and Thomas Nelson, partner in Rogers, Slade & Hill, New York.

A panel discussion the second morning will be moderated by Edward B. Rust, executive vice-president of State Farm Mutual Auto. Dr. Arnold Schneider, head of the department of business studies at Western Michigan College, will speak on "Developing a Supervisory Training Program." Carl Marquardt, vice-president of State Farm, will present a "Progress Report on the Use of Electronic Computers." Edward H. Shelley, manager of the electronic

development department of Farm Bureau companies of Columbus, will conclude the panel with an address entitled, "A Preparatory Program."

A panel discussion moderated by O. C. Griffith, assistant to the president of Shelby Mutual, is scheduled as the final session. Dr. Ancel Keys, University of Minnesota medical school, will speak on "How To Be an Insurance Executive and Live." J. H. Schreiner, partner in Towers, Perrin, Forrester & Crosby, Philadelphia, will discuss "Incentive Compensation."

The management program is designed for officers and executives of member companies and other employees designated to attend.

A. C. Carlson in New Post

Arthur C. Carlson, formerly president of Clarence E. Finch & Co. Chicago general agents, has gone with H. F. Liebrock & Co., metropolitan supervising agents there. Mr. Carlson was seven years with the Finch firm and before that 32 years with the Osborn & Lange agency. Previous to that he had company experience with the old Calumet Fire and the western departments of America Fore and Royal-Liverpool.

America Fore Group Appoints Six New Vice-Presidents

America Fore has appointed six new vice-presidents. The men, all former secretaries, are James D. Culpepper, Thomas D. Hughes, Erwin H. Luecke, Robert H. Nicholls, Melford J. Pitre, and Walter U. Westcott.

Mr. Culpepper was appointed a vice-president of the four fire companies and in that capacity will continue in charge of those companies' southwestern



T. D. Hughes



J. D. Culpepper



W. U. Westcott



M. J. Pitre

years with U. S. F. & G., and joined Fidelity & Casualty in 1932 as assistant resident manager of the metropolitan New York office. In 1939 he became resident manager and secretary of F. & C. in 1940.

Mr. Pitre becomes a vice-president of F. & C. and will continue in charge of the engineering department. He entered insurance with Union Indemnity in 1929 as supervising engineer, joined F. & C. in 1931 at St. Louis as district supervising engineer and transferred to the home office in 1933. He became assistant superintendent of the engineering department in 1936 and superintendent in 1941. He became a secretary of F. & C. in 1951.

Mr. Westcott was named a vice-president and personnel director. He began his insurance career with America Fore in 1937 as assistant counsel and held that position until he became personnel director in 1947. He became a secretary of the group in 1952.

ern department at Dallas. He entered insurance with a firm of general agents in Little Rock and joined America Fore group in 1923 as special agent in Arkansas for Fidelity-Phenix. He became agency superintendent at Dallas in 1934 and in 1940 assistant secretary of the fire companies. Later he transferred to Atlanta as secretary of the fire companies and last year was named head of the newly-created southwestern department.

Mr. Hughes was also named a vice-president of the fire companies and will continue in charge of Continental,



E. H. Luecke



R. H. Nicholls

Fidelity-Phenix, and American Eagle in the New York metropolitan departments. He entered insurance in 1919 with an Atlanta general agency and a year later became a special agent of North America. He went to America Fore in 1924 as special agent of Continental in Mississippi and later in Florida. He went to the home office in 1938 as secretary of Fidelity-Phenix with supervision over the New York City brokerage department. He became secretary of the fire companies in 1951, supervising the New York metropolitan and brokerage departments.

Mr. Luecke became a vice-president of all companies of the group. He began his career with a local St. Louis agency in 1924, joined Fidelity & Casualty in 1925 as a special agent at St. Louis, opened the South Bend office in 1929 and later went to Sioux Falls, S. D., in a similar capacity. He returned to St. Louis in 1932 to specialize in fidelity and surety production and became agency supervisor there in 1936. He transferred to the home office agency department in 1938 as superintendent of production, became superintendent of agencies in 1951, assistant secretary of the group in 1953 and sec-

Jacobsen Named in So. Cal.

D. R. Jacobsen has been appointed division manager for Associated Reciprocal Exchanges in Southern California, Nevada and Utah. He replaces B. W. Nelson Jr., who has been transferred to Chicago.

Mr. Jacobsen, a graduate of Lehigh University, has been with Associated Reciprocal since 1949. He has had experience in the engineering and inspection departments as well as in rating, reinsurance and underwriting.

Coordination Stressed by Pincus

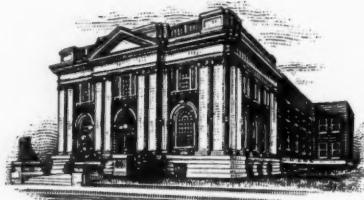
Jerry Pincus, vice-president of Owl Protective Co., expressed the need for co-ordination between underwriters and alarm companies at a meeting of Burglary & Glass Insurance Assn. of New York.

Insurance Brokers Exchange of California, has moved its headquarters in San Francisco to 68 Post street.

SCOTTISH-AMERICAN GROUP

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Pacific Board Asks Rating Bureau To Handle Block Policies

Pacific Fire Rating Bureau has received a recommendation from the governing committee of the Pacific Board that it assume jurisdiction and establish rates and rules for the writing of commercial block policies in California.

Announcement of this step was made by Frank C. Beazley, president of the board and vice-president of the Phoenix of Hartford, at the board's annual meeting at Santa Barbara. He said the action followed the recommendations of the board's actuarial and research committee 100%. The long study of the subject by the actuarial and research committee was the most important project of the board this year, he declared.

"Never before," said Mr. Beazley, "has a committee been asked to devote as much time to a single subject or any group of subjects. When originally attacking the problem it was anticipated that the answer would be resolved within four to six months, but as the study progressed it became increasingly evident that this enormous task would require much more time. There have been numerous instances when this committee has met in full day sessions two or three times a week, and on one occasion the committee closeted itself in a local hotel and worked well into the night."

Members of the sub-committee which accomplished the task were W. D. Frampton, Great American chairman; R. E. Alderman, Royal-Liverpool group; R. C. Gloss, Phoenix of Hartford; A. V. Holman, America Fore; M. A. Olson, Phoenix of London; H. M. Steele, Fireman's Fund; R. V. Matthews, Boston; J. R. Jones, ex-officio member, America Fore, and P. S. Rowan, ex-officio, Home.

The Pacific Board heard John W. Cowee, associate professor of insurance at the University of California, report that an increasing number of graduates of colleges and universities are being recruited into the insurance business. Prof. Cowee said there is evident increasing awareness of students of professional career opportunities in the insurance business and that, because of transitions in social and economic life that have altered the insurance needs of the public, insurance companies now recognize that it is essential to have competent personnel capable of exercising sound business judgment.

Some of the problems encountered by the sub-committee which studied the commercial block coverage were recited by Philip S. Rowan of Home. He said the committee is continuing studies on other coverages, including valued business interruption insurance.

Ernest E. Erickson, Fire Association, chairman of the public relations committee, reported continued progress and cooperation from field men's organizations and the wide acceptance of the board's major project in production of the motion picture, "Operation Safe-guard."

Activities of the joint committee on accounting and office procedure includes publication of a pamphlet on accounting. This effort, said R. D. Brumbaugh, Royal-Liverpool, chairman, will soon be ready for distribution, including approximately 40,000 producers.

Other committee reports were pre-

sented by Frank C. Colridge, manager-secretary of the board; Peyton Y. Alverson, Northern of London, chairman of the governing committee; S. T. Shotwell, North British, administrative committee, and Malcolm Cravens, Cravens-Dargan, surplus lines liaison.

Lumbermens Elects Leonard

Arthur T. Leonard, president City National Bank & Trust Co. of Chicago, has been elected a director of Lumbermens Mutual Casualty and American Motorists. He also was elected to the

executive committee of Lumbermens. Lumbermens also elected E. J. Anderson, president Goebel Brewing Co., Detroit, to the midwest advisory board and James T. Haviland, senior vice-president of the company, and Frank F. Winans, investment banker Greenwich, Conn., to the eastern advisory board.

Slate Spokane Golf Tourney

Spokane Insurance Assn. will hold its golf tournament in competition with Inland Empire Fire Underwriters Assn. June 6. Charles Henton of the Spokane agents is in charge of arrangements.

Regionals Replace Conn. Midyear Meeting

The executive committee of Connecticut Assn. of Insurance Agents has voted to discontinue the midyear meetings. Regional meetings are taking their place. The annual will at Hotel Statler, Hartford, Oct. 26.

Employers Names Manson

Employers group has appointed James Manson superintendent of underwriting, Michigan department.

ONE EXAMPLE

OF HOW AMERICAN SURETY'S SERVICE SAVES AGENTS' TIME—
AND DEVELOPS NEW BUSINESS:

How we helped our Agents benefit
from the NEW auto policy!

PROBLEM:

How to be sure our agents get the best results with the new motor vehicle policy?

SOLUTION:

American Surety prepared a special time-saving chart that showed the changes at a glance—featured point-by-point comparison of old and new coverages.

RESULT:

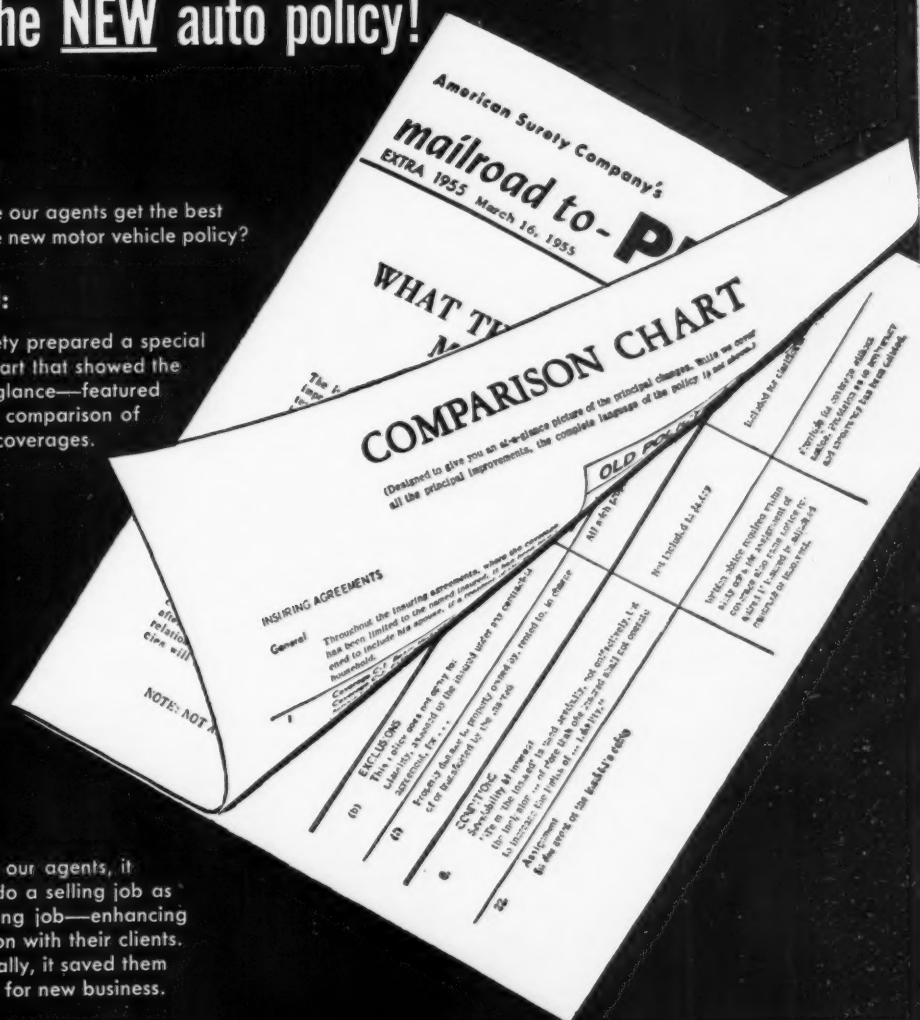
Distributed to our agents, it helped them do a selling job as well as a telling job—enhancing their reputation with their clients. And, incidentally, it saved them valuable time for new business.

If you'd like to know more about this kind of agent-company teamwork—in terms of your own agency—contact our nearest branch office, or write our home office, Agency & Production Department, 100 Broadway, New York 5, N. Y.

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You buy your car by brand. Its name is your guarantee of value and performance. The same is true of automobile insurance.

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It pays to take an interest in your insurance company, too. You need a friendly, reliable company whose reputation measures up to your car's. Then you know you're protected when a loss occurs.

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Home Office: 59 Maiden Lane, New York 8, N. Y.
FIRE • AUTOMOBILE • MARINE
The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

The Home Insurance Company's new advertisement sells more automobile insurance, sure . . .

but more important, it sells *you*.

It tells your clients about your services, the *quality* protection which you can offer.

This advertising is designed to attract *good* automobile business to your agency.

Your Home fieldman is ready to help you any way he can—just ask him!

THE HOME
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The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

This advertisement will appear in:

American Home—June
Better Homes and Gardens—June
Nation's Business—May
Town Journal—May
Time—May 9
Newsweek—May 9
Business Week—May 7
U.S. News & World Report—May 20

Kentucky Agents Hold Western District Meet

Kentucky Assn. of Insurance Agents held its western district meeting May 16-17 at Hardin. Addressing the meeting were Commissioner Goebble, Roy L. Davis, midwestern manager of the Assn. of Casualty & Surety Cos. on "Your Stake in Automobile Insurance," and Martin W. Boedeker, Louisville state agent Royal Exchange, on "Responsibilities of a Local Agent." Guy Billington of Murray, association president, gave the welcome and his report and Sheridan C. Barnes, Elizabethtown, state national director, gave his report.

W. E. Clark of Louisville, superintendent Kentucky Inspection Bureau, was moderator on the panel. Panelists representing casualty, adjusting and fire in that order, were Russell Caughron, superintendent of underwriting, Aetna Casualty, Louisville; B. H. Horton, general manager of Horton & Co., Louisville, and H. C. Penninger, state agent Sun Office, Louisville.

Meeting chairman was Charles J. Baugh of Maysfield. The rally included a banquet and entertainment.

Houston-American 1st Year Premiums Top \$1.7 Million

Houston-American wrote more than \$1,746,000 in premiums during its first year in the business, according to Mark V. Enright, president. About 17% of this was fire business.

The company has general agents in 10 states besides Texas and operates through a limited agency system, except in large metropolitan area. It is licensed in Indiana, Kentucky, Tennessee, Arkansas, Oklahoma, Louisiana, New Mexico, Wyoming, Utah, Nevada and Alaska as well as Texas.

Houston-American's completely illustrated, all-cover form automobile policy introduced the latter part of 1953 has proved tremendously popular with agents as well as assured. It illustrates not only coverages but also exclusions. The company also introduced a personal property floater which is completely illustrated.

Evans Resigns Post as Counsel of N. Y. WC Board

William Evans has resigned as general counsel of the New York state workmen's compensation board to become assistant counsel of Utica Mutual.

He joined the WC board in 1951 and served as assistant counsel as well as general counsel.

American Auto Names Winter Investment V-P

Albert W. Winter has joined American Automobile as assistant vice-president in the investment department at the head office. He will assist Vice-President J. C. Knotter in administering the affairs of the department which was recently moved from Chicago to Saint Louis.

Mr. Winter entered the banking field as a member of the trust department of Mississippi Valley Trust Co. shortly after graduation from Washington University in 1938. In 1944 he was appointed assistant secretary, advancing to assistant vice-president of the newly consolidated Mercantile Trust Co., being named trust officer the same year, which post he leaves to join American Automobile.

State Farm in Territory Change

Ohio territory is to be serviced by State Farm out of the Marshall, Mich., offices, effective July 11. The mutual opened the Ohio territory in January of 1954, and that state now is being serviced out of the head office.

Mutuals Lower Auto Rates in Many States

Reductions in rates for private passenger automobile BI and PDL have been promulgated by Mutual Rating Bureau effective May 18 in Colorado, Florida, Kansas, Minnesota, Pennsylvania, Vermont, and Wisconsin.

The largest reduction is in Minnesota and Wisconsin where the average will be more than 10% lower. In Minnesota certain towns and villages have been assigned to the "remainder of state" territory which will result in lower rates for these localities. In Colorado and Kansas the reductions average 8 to 9%, for Florida, Pennsylvania and Vermont 5 to 6%.

2 Pacific Employers Open Houses

Pacific Employers marked at Oklahoma City and Dallas last week the opening of new offices in those cities with open houses. President Victor Montgomery and Vice-president B. F. King, as well as Resident Vice-president Richard G. Watres of Houston, in charge of the company's southwest operations; Oklahoma City Manager Thomas W. White and Dallas Manager N. B. French attended both events.



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✓ Because it picks up premises, operations and products hazards for both liability and property damage and pays Medical Expenses too, it has considerable appeal and is easily explained. It deserves a full share of your selling efforts.

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INSURANCE COMPANY OF SHELBY, OHIO



**75th
ANNIVERSARY**

Experts Answer Questions of Corporation Insurance Buyers at AMA Conference Panel

Questions on various phases of corporation insurance problems were answered by a panel of six at the spring insurance conference of American Management Assn. at New York.

Panel members were Alfred J. Bohlinger, former New York superintendent of insurance; Bernard J. Daenzer, secretary of Security-Connecticut; Arthur T. Fleischhauer of Boston, vice-president of Fireman's Fund; Robert L. Braddock, executive vice-president of General Re; Eugene S. Dougherty, insurance manager of Anheuser-Busch, and Joseph H. Forest, vice-president of Liberty Mutual.

Mr. Braddock asked why third and fourth layers of excess often cost more than first and second, explained that London Lloyds has many underwriting syndicates, and brokers go as far as they can with syndicates interested in this particular business. The brokers then attempt to fill their "slips" by placing the remainder of the liability with syndicates which are not keen about the business but will take the risk at a good price.

Mr. Daenzer, commenting on the merchandise floater form, said many companies write this type of cover, and it can be used to cover general contents of a department store. As long as reports are in on time and limits of liability are observed, there is no problem with the coverage, he said.

Mr. Dougherty said it is a good idea for a small company to place all its business with one broker if he is doing a good and complete job and if the company does not have a full time insurance buyer. The best way for a small company possessing little information on employee programs to learn how to get the most benefits for its money is to check several sources, then seek proposals, he said.

Mr. Forest commented that products recall coverage would cover certain situations and referred to the Salk vaccine incident. He said he has received little call for this cover since the Castoria case. It covers the cost of getting the product back to the manufacturer's hands.

Mr. Fleischhauer said fire insurance with \$50,000 or \$100,000 deductible clauses has no "general" market now, but there is a substantial demand for it, and it can be obtained easily. It reduces costs and makes the broader coverages more palatable to the underwriters and, thus, is more easily written. Since it is not regulated as to cost, there is a tendency to "shop" around for the best price, he added.

It may be, he continued, that deductibles in fire are not too popular because the rate reductions are not "realistic." However, there is a lack of experience in this coverage. If there is truly a market, the rating will be justified. An advantage of writing excess fire cover with aggregate deductible is that it is easier to rate.

An insurance-buying company may find fire with aggregate deductible is a good form if the firm feels it can take up to a certain loss within, say, a year, noted Mr. Dougherty.

Mr. Forest said casualty deductibles differ from those on property because, in casualty, the claims are investigated anyway. Excess insurance in property is similar to deductible in casualty. Yet casualty insurers must collect the same claims expense dollars, so deductibles are not widely used.

Mr. Bohlinger said a company can negotiate with its producers about re-

muneration. But in New York the superintendent can step in to protect the public if the loading for acquisition is excessive. In another connection, he noted that banks increasingly are accepting the homeowners and broad form, particularly in the larger cities.

Mr. Forest felt loss prevention can be extended to products liability. His company encourages advance testing before an item is put on the market.

Insured queries the company on these matters, also. Answering another question, he said excess policies do not contemplate claims service on all cases. If they do, deductible clauses are written.

Mr. Bohlinger, commenting on "possible federal intrusion into the regulatory field," said a number of questions on this point indicated it is "uppermost" in the minds of many. The answer is in two parts: What power does public law 15 have to get into the regulatory field; and what are the political aspects which influence legislation?

Mr. Bohlinger said he felt the insurance business is proceeding in the right direction to solve problems under public law 15. He cited the all-industry committee and preparation of the model bills. He said there are a few "bad boys" among the A&H companies, but most of them are doing right by the public. It is a subjective determination to decide if laws are doing the job. He felt political considerations will "fall of their own weight" if insurance men show they are doing a good job.

The panel chairman, Bert W. Nichol, (CONTINUED ON PAGE 34)



H. K. DENT

"Would YOU buy it?"

by H. K. DENT

"I would not try to sell a man something I would not buy myself. On the other hand if I can benefit a man's situation and help him and think it is better for him and would buy it if I were in his position, then I would make every effort to tell him about my proposition as factually and as enthusiastically as I know how. If he is intelligent I should be able to sell him because I am working in his interests; I am doing him a favor. That is the test: Would I buy it if I were in his shoes?"

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There is no secret to the success enjoyed by thousands of GENERAL agents. Besides hard work it's simply this: They can offer better insurance plans and service to their insureds up and down the line! Strong capital stock indemnity; fast, fair claims service; broader, better coverages; PLUS important savings on properties that qualify as preferred risks. In a word, the GENERAL agent can and does offer the kind of insurance policies HE would buy if he were sitting on the other side of the desk!

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GLENS FALLS REPORTS

Advances Several Officers, Appoints Seven New Ones

Operating results of Glens Falls group for the first quarter showed that net income after federal and foreign income taxes amounted to \$748,777 as compared to \$846,409.

Consolidated capital, surplus and voluntary reserve, including Glens Falls Corp., was \$44,948,918, compared with \$44,491,138. Earned premiums totaled \$17,512,462 compared with \$17,515,923. Incurred losses and loss expense increased to \$10,178,542 from \$9,584,694 and incurred underwriting expenses were \$7,258,445 compared with \$7,236,970. Income from investments increased 3.8% to \$723,703, not including capital gains of \$150,914. Premiums written decreased slightly from \$17,622,222 in the first quarter of 1954 to \$17,490,620. There was also a decrease of \$21,842 in unearned premium reserve.

The retirements, under the company's pension plan, of Vice-President R. H. Griffith of San Francisco and A. W. Morgan, secretary and comptroller, were reported at the annual meeting. Mr. Morgan has been with the company since 1907 and Mr. Griffith since 1911.

George I. Davis, vice-president and treasurer, was elected vice-president and secretary. George R. Coughlan was promoted from secretary to vice-president of the claims and loss department. Robert P. Crawford was advanced from secretary to vice-president and continues as assistant director of the production department. Arthur L. Lowe, secretary of the fire underwriting and service departments, was elected a vice-president and will continue his present duties. L. A. Kenney, in charge of the central department at Chicago, was advanced from secretary to vice-president.

Thomas E. Maddams, secretary in charge of metropolitan New York and northern New Jersey, was promoted to vice-president. Karl E. Sand of the home office was advanced from assistant treasurer to treasurer. R. R. Cowles was promoted from assistant comptroller to comptroller and W. E. Mallalieu Jr., assistant secretary of the fire underwriting department, was elected a secretary.

New officers elected were William T. Clark, secretary, Gordon S. Barnum, assistant treasurer; James N. Hastings, Byron J. Howe, Turner McDowell, Ralph E. Wescott, and John H. Bray of San Francisco, assistant secretaries.

Mr. Clark joined Glens Falls in 1952 as analyst in the investment and security department. His career includes positions of security analyst for Old Colony Trust Co. of Boston and investment counselor with a Boston law firm.

Mr. Barnum is a veteran of 34 years with the company. He has served as manager of the agency department, the premium finance department, war damage department, personnel director and currently manager of the cashier and payroll department.

Mr. Hastings became a home office employe in 1930. He has been both an underwriter and special agent in the field from 1935 to 1944, when he returned to the home office. His ap-

pointment as manager of the automobile department came in 1945.

Mr. Howe has been with the company since 1924. He first was assigned to the fire underwriting department; nine years later transferred to the Syracuse office and, after three years, returned to the home office inspection department. In 1946, he entered the workmen's compensation and liability department where he was underwriter until promoted to manager in 1954.

Mr. McDowell joined the home office staff 25 years ago. He has been a member of the payroll audit, bond claims, and, as manager, the burglary and plate glass departments. When this department was consolidated with inland marine in 1951, he became manager of the new department.

Mr. Wescott has 35 years of service in several departments in the home office, including the fire underwriting, before he was assigned to northern New Jersey as special agent in 1946. Four years later he was promoted to state agent, and in 1952 he returned to the home office as an underwriting superintendent.

Mr. Bray was first employed by the San Francisco office as claims superintendent. He transferred to Los Angeles and in 1948 returned to San Francisco as manager of the claims and loss department on the Pacific Coast.

American Hardware Opens L. A. Building

American Hardware Mutual has opened a new regional headquarters in Los Angeles. The formal opening, a week-long open house, was attended by Harold R. Caley, president, and J. E. Hanson, executive vice-president. A reception was given by Pacific Southwest Hardware Assn. and the Los Angeles chamber of commerce gave a luncheon for the officers and directors.

The company is also constructing a new home office on the shores of Lake Calhoun in Minneapolis, a new office building in Menlo Park near San Francisco, and is planning to move the midwestern headquarters to Kansas City. Recently the company opened a new branch in Chicago.

Allstate Names Gordon H. O. Operating Manager

Edward M. Gordon has been appointed operating manager of Allstate's home office. Mr. Gordon joined Allstate in 1934, as a clerk at Omaha. He became accounting supervisor in New York in 1940, operating manager at Indianapolis in 1948, and operating manager at Philadelphia in 1950.

During his service with Allstate, Mr. Gordon also held several supervisory and administrative positions in the home office. Previous to joining Allstate, he had 12 years experience in the insurance field.

Jackson Reappointed as Md. Commissioner

Gov. McKeldin of Maryland has re-named Insurance Commissioner Jackson for a four-year term. Salary of the post, now \$7,599 per year, goes to \$10,000 annually effective July 1. Mr. Jackson has been commissioner since 1952.

Isay New President of WCAIA

COLUMBIA CITY, IND.—The Whitley County Association of Insurance Agents has elected the following officers for the coming year: Pat Isay, Churubusco, president; Ike C. Webber, Columbia City, vice-president; Willis Goble, Columbia City, secretary, and Robert Estlick Columbia City, treasurer.

Combine Auto Basic, Extended Medical Payments Cover

Automobile basic medical payments insurance and the extended medical payments insurance has been combined into a single coverage at a 65% reduction in aggregate cost, by Mutual Bureau effective May 25 in District of Columbia and 37 states and by National Bureau effective May 25 in all states except Kansas, Massachusetts, Texas and Virginia, and effective then in District of Columbia, Alaska and Puerto Rico. It is expected to be effective in Texas and other states at a later date.

The combination and rate reductions are expected to bring about a better spread of risks, avoidance of adverse selection, and a saving in handling costs.

Under the revision of the automobile medical payments insurance for individually owned private passenger cars, the extended medical payments coverage will be incorporated with basic medical payment coverage at an additional charge of \$1 for limits of \$500 and \$750, and \$2 for limits of \$1,000, \$2,000 and \$5,000. For other types of automobiles, comparable reductions apply.

If medical payments insurance is afforded for more than one automobile owned by an individual insured or by relatives residing in the same household, charges will not apply to more than one such automobile.

In conjunction with the revision, the \$250, \$3,000 and \$4,000 medical coverage limits will be eliminated from the automobile casualty manual since few insured buy these limits. The new medical payments rule indicates, however, that for limits not shown, inquiry should be made to the company.

Osborg Joins Kemper

Arthur J. Osborg has gone with Lumbermens Mutual Casualty of Illinois and affiliated companies of the Kemper group as New York manager, special risks department. Mr. Osborg has been in the casualty insurance business since 1932 and was formerly with the Kemper companies from 1936 to 1941.

WIIS Names Hammond

John E. Hammond has been named Washington manager for Western Insurance Information Service, with headquarters at Seattle. He succeeds the late Karl Krogstad Jr.

Mr. Hammond at one time was director of public relations for International Elevator Co., Minneapolis.

Vt. WC Increase Moves

The Vermont house has passed a bill to increase maximum weekly workmen's compensation benefits to \$28 and minimum to \$16.

Michigan Agents Heads To Meet

Michigan local board presidents or their representatives are scheduled to meet late in June, probably in Lansing, to discuss certain aspects of Michigan Assn. of Insurance Agents activities, particularly stressing advertising programs. Also safety programs and related community activities will be discussed.

Tells Adjusters of Maritime Law

Roland J. Wendorff, assistant counselor of Employers Mutual of Wausau, spoke on the application of the maritime law at the meeting of Casualty

Adjusters Assn. of Chicago. The group will hold its annual golf tournament at St. Andrews golf and country club in West Chicago June 22.

Noyes Goes to Chicago

American Surety has appointed Donald H. Noyes special agent at Chicago. He joined the company in February as a special agent trainee.

Win Examination Awards

Joseph E. Welch of Home, Charles J. Sheridan of Brewer & Lord and Raphael M. Feldman, a Worcester,

Mass., local agent, won cash prizes from Insurance Library Assn. of Boston for receiving the highest grades in the examinations in part A of Insurance Institute.

New Orleans Exchange Elects

New Orleans Insurance Exchange has elected Henry Bryer Sr., a partner in Henry J. Bryer & Sons agency, and Grady H. Harrell, vice-president of Burke, Soniat & Harrell, to its executive committee.

Saginaw Valley Adjusters Elect

Saginaw Valley (Mich.) Adjusters Assn. has named Chester Murphy of

Western Casualty, Flint, as president. Other new officers are: Vice-president, Melvin Shultz, Bay City; secretary, John Kitchen, Bay City, and treasurer, James Gramsie, Saginaw. Elmer Simon, Frankenmuth, is the retiring president.

Indianapolis Agencies Merge

The Ralph F. Thompson agency and the Gregory & Appel agency of Indianapolis have merged. Mr. Thompson, who formed his agency in 1920, becomes a vice-president of Gregory & Appel, and other personnel of his agency have become part of Gregory & Appel, which was organized in 1884.

Our 25 YEAR Agents tell their story.....



FRED C. COREY

Fred Corey is one of those rare beings—a "native son" of California, having been born in Pacific Beach in that state. He attended public schools in La Jolla and San Diego and graduated from the University of California.

He started in the insurance and real estate business in April, 1928, with a partner. The partnership was dissolved in June, 1936 and since that time he has operated by himself under the name of Fred C. Corey doing business as La Jolla Securities Company, the firm name under which he originally started.

Back in the days when Fred first began representing us, Texas companies didn't stand too high in California and it is gratifying to know that he had the courage to accept our contract and to stay with us all these years. Fortunately, the attitude of Californians is very different today.

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I have represented the Gulf Insurance Company for 25 years and I feel that their interest and cooperation helped to increase my business year by year.

The personnel of the Gulf are courteous and the service excellent, and your representatives have always been most willing to assist me with any problems that arose.

I have two sons associated with me. It is my fond hope that they will carry on the business I started for many, many years.

In the very near future I plan to erect my own building as I know we will need more space. La Jolla is a rapidly growing community which, of course, will mean more business for everyone.

GULF INSURANCE COMPANY ATLANTIC INSURANCE COMPANY



FIRE AUTOMOBILE INLAND MARINE



III Winds Blow Opportunity to the Agent

The windstorm season is at hand.

Agents who know the value of proper TIMING in sales work are now advising clients that Central Surety's ADDITIONAL EXTENDED COVERAGE and ALL PHYSICAL LOSS forms are available for attachment to Central Surety FIRE policies. The need, if overlooked, sometimes leads to tragic conditions.

NOW — and any time — a discussion of Fire Insurance should naturally include the checking of INSURANCE to VALUE.

CENTRAL SURETY AND INSURANCE CORPORATION

HOME OFFICE KANSAS CITY, MISSOURI

Stansbury To Head Hanover's Casualty

William E. Stansbury, vice-president of Boston and Old Colony, is joining the official family of Hanover Fire June 1 and will establish and operate its casualty division.



W. E. Stansbury

Mr. Stansbury has had a broad experience in the casualty field for more than 30 years, and he established the casualty division of the Boston group.

He was with Maryland Casualty from 1923 to 1930, with Hartford Accident from 1930 to 1938, and with Royal-Liverpool until 1949, when he joined the Boston.

Hanover Fire expects to have its casualty division organized to the point of writing business by October.

Brokers Assn. Directors Discuss Licensing Bill

Directors of National Assn. of Insurance Brokers met at the Mark Hopkins hotel, San Francisco, recently to discuss principally, the proposed brokers' minimum qualifications and licensing bill which is expected to be considered at the coming convention of National Assn. of Insurance Commissioners in Los Angeles May 30-June 3.

The delegation consisted of Oliver Blass, St. Louis, president; G. Edwards Nichols, New York, vice-president; Clifford C. Thomas, New York, chairman, governing committee, and Barclay Shew, New York, secretary and general counsel. California directors include Hal D. Willson, George W. Gaw and Harry W. Healey of San Francisco; Roy M. Dougherty and Fred M. Hughes of Los Angeles.

Insurance Brokers Exchange were co-hosts with Society of Insurance Brokers. Other items on the agenda included insurance problems created by industrial use of atomic power and progress reports on the association's studies of a comprehensive nationwide, all-risk policy for commercial and industrial risks as well as dwellings.

To Be Inducted in Tex. by Father's Successor

Dallas Smith, partner in the Dallas agency of Ellis, Smith & Co., calls attention to an interesting coincidence scheduled to occur later this month when Texas Assn. of Insurance Agents holds its annual meeting and election. Porter Ellis of Ellis, Smith & Co. is scheduled to be inducted as president. He will be installed, according to plan, by Thomas Gillis of the Gillis agency, Fort Worth. Twenty years ago Mr. Gillis was installed as president of the Texas association by Thomas P. Ellis, Porter Ellis' father, who was a partner in Ellis, Smith & Co. until his death in 1953. Porter Ellis went into the firm 10 years ago. His father was president of the association 20 years ago, being succeeded by Mr. Gillis.

Estate of John Way Is Valued at \$2,531,660

John L. Way, retired vice-president and director of Travelers, who died last July 18, left an estate of \$2,531,660, according to an inventory admitted to probate at Hartford.

Stocks left by him and their value include 950 shares of Travelers, \$1,271,100; 615 of Aetna Fire, \$44,126; 1,080 of Aetna Life, \$159,300; 833 of Hartford Fire, \$145,775; 380 of National Fire of Hartford, \$34,152, and 644 of Phoenix, \$78,487.

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BAR TO ENDORSEMENTS?

Asks Writ in Driver Exclusion Case

Pacific Employers has petitioned the U. S. Supreme Court for a writ of certiorari in a case involving a driver exclusion endorsement to the automobile BI and PDL policy. This was a Missouri case, and one argument of Pacific Employers for the writ is the significance the decision will have for all insurers writing casualty insurance in that state, if the court of appeals decision stands.

On Nov. 15, 1952, Pacific Employers issued a standard automobile liability policy to Muriel Wymer for one year, covering a 1951 Mercury. It was issued at class 1 rate, applicable where there was no operator of the automobile under 25 resident in insured's household. The agent explained to Mrs. Wymer that the class 1 rate was applicable because her son Donald, age 23, was away at school, and was driving another car owned by insured. The premium was \$42.16; the class 2 rate would have been \$69.08.

On Jan. 9, 1953, Donald Wymer, who was attending school and living away from home, was involved in a collision while driving an Oldsmobile belonging to insured, and thereafter began to live at home and drive the Mercury. This came to the attention of the agent, and Mrs. Wymer was asked to sign the endorsement excluding Donald, or to pay the increased rate for class 2. Insured was told that if she did not sign the endorsement the company might cancel the policy because of her son's previous accidents. Insured signed and accepted the endorsement. It was delivered to her and placed on the policy.

On May 22, 1953, Mrs. Wymer sold the 1951 Mercury and purchased a new 1953 Mercury. A substitution endorsement was issued discontinuing coverage on the 1951 car and affording coverage on the 1953 one. Total additional premiums were \$77.18 with a return premium of \$70.83. At this time the driver exclusion endorsement was part of the policy.

On Oct. 27, Donald Wymer was involved in an accident with the 1953 Mercury. The Wackerle's, who were in the other automobile, sued the Wymer and secured judgment for \$17,000 and costs. The limits on the policy held by Mrs. Wymer were 15/30/5.

The district court held for the insurer, but the eighth appeals court reversed.

Pacific Employers points out in its petition to the Supreme Court that in its decision the appeals court in effect has held that casualty insurers cannot legally alter the coverage of their policy in Missouri without writing a new policy and without taking more premium or returning premium in consideration therefor. This, the insurer argues, materially affects the manner in which the insurers may expeditiously handle the very important function of underwriting varied risks which arrive daily.

The endorsement was not unusual. It and similar endorsements are used by thousands of agents daily where the standard printed form contract does not cover the needs or desires of the parties, and where the parties want by mutual assent to alter the contract to conform to their desires. If changes of coverage, the insurer argues, cannot be made in casualty insurance policies by rider or endorsement, it will

be necessary for all casualty insurers to change completely their method of operation in underwriting casualty risks.

The appeals court argued that there was no consideration for the driver exclusion endorsement. However, the insurer points out that the difference in premium between class 1 and class 2 for the coverage afforded by the policy was \$26.92. Insured did not wish to pay the increased premium. The insurer did not attempt to take away or limit the risks insured against originally. Insured simply desired to change

the coverage originally bargained for. Insured voluntarily chose not to pay for the additional risk that would be incurred if her son drove the automobile. The district court properly ruled that there was consideration for this endorsement. The insurer cites applicable cases, but points out that the type of insurance contract and the different manner of determining risks, rates and coverages, plus their reason for modifying the original contract, must be kept in mind in construing such contracts and their modification.

The insurer also argues that the ap-

peal court decision is contrary to the general rule of law with respect to the rights of parties to contract, or by mutual assent to change that contract. It is contrary to the rationale of the law of Missouri as expressed in the cases. The appeals court decision raises the question of whether casualty insurers may safely change any items of coverage in a liability contract without going through the unwieldy process of cancelling the existing contract and returning to insured the return premium and thereafter issuing a new contract and charging a new premium.

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The Kidde Ultrasonic Burglar Alarm System pictured above consists of a transmitter, a receiver, an electronic "brain" and an alarm panel. Here's how it works:

The transmitter and receiver, each about the size of half a grapefruit, are placed inconspicuously within the area to be protected. These units are connected in turn to the electronic "brain." The alarm panel may be located in any guard office, local police station or Central Station Alarm Company.

When the system is turned on, the transmitter fills the entire area with "silent sound" — sound too high to be heard by the average human ear. This high-frequency sound is picked up by the receiver.

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There is *no* way to beat the Kidde system. If power fails, or if a wire is cut . . . or if someone tries to sabotage any of the system components, tamper-proof devices instantly sound the alarm.

In addition to giving you the *best* protection you can buy, the Kidde system has the additional advantage of being portable. No expensive, permanent wiring is required, and the entire system can be shifted from one location to another with very little trouble. The system works on regular 110 volt, 60 cycle AC current, and can be plugged into any convenient outlet.

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The four basic units shown above can protect up to 7500 square feet. Specific applications may require a few additional components, however. Find out more about this economical, foolproof protection. Send today for Kidde's Ultrasonic Alarm System booklet.

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Stassen to Report on Discrimination Against Insurers

WASHINGTON—Senate foreign relations committee has been informed by Harold Stassen, head of the foreign operations administration, that he will give it a report in answer to a request for information about discrimination against American insurers concerning coverage on foreign aid shipments.

Sen. Smith of New Jersey, who asked for the report, said that prior to the second world war more than half of American exports were insured by U. S. companies, but that figures provided him show that between January of 1953 and January of 1954 only 5.21% of exports under the FOA economic assistance program were so covered.

Discrimination in transport insurance was the subject of a report presented at a meeting of International Chamber of Commerce in Tokyo by Dr. Carlos Mantero of Portugal.

He pointed out that there are now 14 countries with regulations which,

in one way or another, interfere with the placing of marine insurance, a practice which allows marine insurers to develop on the back of the merchant their business safeguarded from the economic law of international competition.

GAB Opens New N. C. Office

General Adjustment Bureau has opened a branch office in Rocky Mount to serve northeastern North Carolina. John H. Alfred, who has been with the organization five years, has been transferred from the Greensboro branch to head the new office. R. B. Hinnant, formerly at Winston-Salem, will serve as resident adjuster in Wilkeson, reporting to Rocky Mount. The new office serves the area formerly handled by the Raleigh office.

Insurance Society Names 5

Insurance Society of Kansas City elected the following five new governors for a two year term at its recent annual meeting: Harold P. Ausherman, manager Kansas Inspection Bureau; Blakely W. Bush, Employers Reinsurance; Max Doehler, assistant manager Bruce Dodson & Co.; John B. Owen, president Central Mutual Casualty Co.;

and Ralph Williams, Williams Insurance agency. There are five holdover board members with one year left to serve.

The major portion of the meeting was given over to a discussion by Ben Schiffman, financial editor of the *Kansas City Star*, of the insurance business's impact on Kansas City.

Opens Richmond Office

Lumbermens Mutual Casualty will open an underwriting office at Richmond, Va., June 1. J. C. Capps, who has been district manager at Richmond, will be state manager, and L. C. Bostwick, underwriting manager at Philadelphia, has been named underwriting manager.

Revokes Riss License

Superintendent Holz of the New York insurance department has revoked all licenses issued to Oscar Riss, 3458 Third avenue, Bronx, N. Y., an insurance agent. Disciplinary action followed a departmental hearing which found he had demonstrated incompetency and untrustworthiness as an agent. He failed to give information that licenses previously held by him as an agent had been revoked.

North America, Northern Assurance N. Y. Buildings Sold

North America has sold its 26-story building at 99 John street to Great American and Northern Assurance has sold a 7-story building at 102-104 Fulton street and a building of 16 stories at 135 William street to the William Street Corp. The structures are located in the downtown New York insurance district.

North America and its affiliated companies now occupy a portion of the building which Great American and its affiliates will take possession of within two years. Great American will occupy part of it for its home office and metropolitan operations. The building contains 456,000 square feet. Also included in the sale was an adjoining parking lot.

Northern Assurance has leased office space in the Royal building at 150 William street. It will vacate eight floors it now occupies at 135 William street by July 1. Part of that space will be occupied by tenants who are moving from 120 William and 79 John streets, property that will be razed to make way for a 25-story building.

Michigan City Has Novel Fire Inspection Program

BENTON HARBOR, Mich.—The local fire department has started a four-month home inspection project designed to hold losses to a minimum.

Firemen are being assigned every afternoon to make a specified number of house calls, conducting inspections wherever the occupants desire it. They will use service trucks, equipped with two-way radio, so they will be quickly available for active fire-fighting in event of need.

Capt. James Stevens, who is directing the program, said past experiments with this type of inspection service have proved successful and there has never been a subsequent fire call to a home inspected within the past two years where corrective recommendations have been followed.

Hartford Accident Names Kinney in Ind.

Hartford Accident has named Oran E. Kinney of Evansville special agent for eastern Indiana. He previously served six years as a special agent and two years as an underwriter for Fidelity & Casualty.

WC Arbitration Bill Fails

The bill in the Oregon legislature which would have provided for arbitration of workmen's compensation cases when the workmen were dissatisfied with the award was lost in the senate. The measure had only lukewarm support.

New Interbureau Members

State Capital of North Carolina, National Automobile & Casualty and its affiliate, Estate, have joined Interbureau Insurance Advisory group, bringing its total membership to 38 groups and companies, consisting of 118 fire and casualty companies.

Layton Speaks in Two Cities

Richard J. Layton, vice president of Rough Notes, spoke at Springfield, Ill., May 11 and Des Moines May 14 on "Profitable Agency Management."

In Springfield, he spoke before a combined meeting of the local insurance board and Insurance Women's Assn. His talk in Des Moines was before Iowa State Assn. of Insurance Agents.

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NO AUTOMATION FOR INSURANCE

Electronics Will Not Effect Major Changes in Marketing, Actuary States

Contrary to some current comment, Seymour E. Smith of Travelers does not believe electronics will result in any appreciable changes in insurance marketing, he indicated in his presidential address at the meeting in Chicago of Casualty Actuarial Society.

Major changes which may be made would have been made anyway, whether or not electronic equipment had been available, he declared.

Of course, he added, there is the very real possibility of minor changes in some of the mechanical or physical aspects of handling the details of some marketing transactions which improved data processing methods may develop for the benefit of all concerned. The basic structure, however, will not be changed. The market will still consist of participating and non-participating companies and those who are agency companies and those who are direct writers. Electronic machine applications will merely be one more addition to a very long list of items to which individual companies may apply their talents to improve all aspects of their insurance operations. They will prosper to the extent that they are ingenious, imaginative and resourceful in improving their service and protection to the public, regardless of their basic marketing methods.

Many of the statements and predictions regarding the application of electronic developments to the insurance business and the various changes that are advocated indicate a rather widespread misconception of potential realities, Mr. Smith said. If these are not corrected, they could act to the detriment of the valuable contributions which electronics can make. Representatives of the equipment manufacturers deserve only praise in this connection, he said. They are anxious to avoid leaving any misconceptions as to the functions their machines are capable of undertaking.

The difficulty, he added, appears to be in insurance. The society should foster a broader understanding not only of the potentialities of what electronics can reasonably be expected to do for the business, but also of what it cannot do.

He presented a few benefits which appear reasonable to anticipate.

The first is due to the mere existence of electronic machines. Many companies and organizations, aware of the existence of these machines and their possibilities, would naturally investigate having one or more of them for their own use. Since the machines involve considerable sums of money, normal prudence dictates a thorough study of exactly what it might be used for, to determine its feasibility. This calls for thorough analysis of the detailed procedures of a substantial portion of the company's clerical operations. Such a study, undertaken with a critical examination of each of a great many details, is bound to turn up a number of savings and improvements, even if no electronic application is undertaken.

Much has been said of the tremendous speeds at which electronic equipment can perform calculations. This is a great attribute, but for casualty and

fire insurance publications it seems to have produced certain misconceptions as to possible processing time. The entire operation is dependent not so much upon processing time as upon realizable speed of input and output operations, which may be very different indeed.

Even with the problems connected with the input and output of data, electronics will make available tremendous savings in the time required to develop desired information. The potential benefits of operating speed are many. Faster and more up to date information should go far toward reducing the old time lag between data and the period for which it is to be used. Rating and underwriting decisions can be more closely allied to existing conditions. Greatly increased processing speeds should permit many desirable

additional studies not currently feasible because of the lengthy procedures necessary. Use of more current or additional data made available by faster processing may result in alleviating the problems created by wide swings in underwriting results that frequently occur in some lines.

An obvious advantage results from practical application of machinery to laborious manual operations. Every company must maintain many detailed records, clerical work that is repetitive, comparatively simple in process and, in many cases, rather dull and monotonous. Some of this has been shifted to mechanical processing, but there are limitations on how much can be done with conventional machine equipment. Electronic developments should permit sizeable expansion of mechanization in these areas. Initially there is the alleviation of restricting shortages in clerical personnel. Practically every company has the problem to some degree of obtaining sufficient clerical help. Compromises to meet this situation have meant some curtailment in either service or in operating thoroughness. To the extent electronic equipment releases personnel from less interesting

clerical detail, better service to the public, better operating technique, and better and more interesting jobs for personnel will result.

For the long pull, there should be a definite reduction in expense ratios, he said. As the society's research committee has pointed out, this saving ultimately will go to the public in lower rates. A healthy, competitive and efficiently operated industry has little to fear from public criticism or from detractors who advocate that its functions be performed under state operation.

But, he added, the electronic machine, no matter how widely it is applied to insurance, will not mean an automatic insurance office in which the machine takes over. It will not mean automation. It merely means the addition of one more step in many improvements made over the years which enables the business to do things better, more easily, more quickly and at less unit expense.

It will not produce drastic changes in operating methods, he declared, although in individual instances it is

(CONTINUED ON PAGE 28)

PEPPY FREDDY, the fieldman, says:

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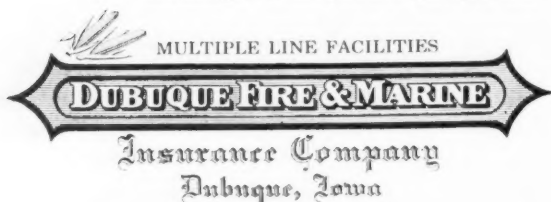


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Convention Dates

- May 26, National Board of Fire Underwriters, annual, Commodore hotel, New York City.
- May 26, Midwestern Independent Statistical Service, annual, Bismarck hotel, Chicago.
- May 30-June 3, National Assn. of Insurance Commissioners, annual, Biltmore hotel, Los Angeles.
- June 8-9, Missouri Fire Underwriters Assn., annual, Taneycomo hotel, Rockaway Beach, Mo.
- June 9-11, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
- June 12-14, Maryland Assn. of Insurance Agents, midyear, George Washington hotel, Ocean City.
- June 12-16, Insurance Division of the Special Libraries Assn., annual, Statler hotel, Detroit.
- June 13-15, Michigan Fire Underwriters Assn. and Michigan Blue Goose, annual, Gratiot Inn, Port Huron.
- June 13-15, International Assn. of A. & H. Underwriters, annual, Gunter hotel, San Antonio.
- June 13-15, Southeastern Underwriters Assn., annual, The Homestead hotel, Hot Springs, Va.
- June 13-15, Virginia Assn. of Insurance Agents, annual, Roanoke hotel, Roanoke.
- June 14-16, Illinois Fire Underwriters Assn., annual, Nippersink Manor, Genoa City, Wis.
- June 14-16, Kentucky Fire Underwriters Assn., annual, Kentucky Dam Village, Gilbertson.
- June 14-17, National Assn. of Insurance Women, annual, Palace hotel, San Francisco.
- June 15, Tennessee Fire Underwriters Assn., annual, Lookout Mountain hotel, Chattanooga.
- June 15-17, Indiana Fire Underwriters Assn., annual, Culver Inn, Culver.
- June 19-21, New England Assn. of Insurance Agents, annual, Poland Spring, Me.
- June 19-23, American Assn. of Managing General Agents, annual, Mark Hopkins hotel, San Francisco.
- June 23-25, North Carolina Assn. of Mutual Insurance Agents, annual, Blowing Rock.
- June 23-24, Missouri Assn. of Mutual Insurance Agents, annual, Hotel President, Kansas City.
- June 24-25, Upper Peninsula Assn. of Insurance Agents, Gateway hotel, Land O'-Lakes, Wis.
- June 26-28, Insurance Advertising Conference, Claridge hotel, Atlantic City, N. J.
- June 26-29, National Assn. of Public Insurance Adjusters, Concord hotel, Kaimesh Lake, N. Y.
- July 7-9, International Assn. of Insurance Counsel, annual, Hotel del Coronado, Coronado, Cal.
- Aug. 7-11, Honorable Order of Blue Goose, Grand Nest, Muehlbach hotel, Kansas City.
- Aug. 14-17, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.
- Aug. 17-20, Federation of Insurance Counsel, annual, Sheraton Park hotel, Washington, D. C.
- Aug. 21, American Bar Assn. insurance law section, annual, Philadelphia.
- Aug. 22-23, South Dakota Assn. of Insurance Agents, annual, Rapid City.
- Sept. 5-7, International Federation of Commercial Travelers Insurance Organizations, annual, Sun Valley Lodge, Sun Valley, Ida.
- Sept. 11-13, Pennsylvania Assn. of Insurance Agents, annual, William Penn hotel, Pittsburgh.
- Sept. 11-14, Idaho Assn. of Insurance Agents, annual, Sun Valley Lodge, Sun Valley.
- Sept. 12-13, Utah Assn. of Insurance Agents, annual.
- Sept. 12, Vermont Assn. of Insurance Agents, annual, Lake Morey Inn, Fairlee.
- Sept. 12-14, International Claim Assn., annual, Lake Placid Club, Lake Placid, New York.
- Sept. 14-16, Illinois Assn. of Mutual Insurance Companies, annual, Pere Marquette hotel, Peoria.
- Sept. 14-16, Maine Assn. of Insurance Agents, annual, The Samoset, Rockland.
- Sept. 14-16, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.
- Sept. 15-16, New Jersey Assn. of Insurance Agents, annual, Chaifonte-Haddon Hall, Atlantic City.
- Sept. 15-17, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- Sept. 15-17, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings.
- Sept. 18-20, Washington Assn. of Insurance Agents, annual, Leopold and Bellingham hotels, Bellingham.
- Sept. 19-20, Minnesota Assn. of Mutual Insurance Agents, annual, Leamington hotel, Minneapolis.

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Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Insurance Forum of NYC Bar Group Deals With Many Topics of Current Significance

NEW YORK—The insurance forum sponsored by the insurance law committee of Assn. of the Bar of New York City attracted 450, one of the largest crowds ever to attend a function at the bar's headquarters here. Leffert Holz, superintendent of insurance, was the moderator, and the session covered a number of questions of current interest to the fire and casualty business. Wayne Van Orman, New

made almost hazardless. The other objective, good insurance for cost, has been achieved. His company has paid out slightly more than it has taken in; it has delivered insurance at cost, he said.

A member of the audience asked if Mr. Marryott was implying that stock insurers have not done a good job in accident prevention. Mr. Marryott replied certainly not, they, too, have done an excellent job. The questioner wanted to know why mutuals pay a level dividend rather than one that reflects variances in experience from year to year. Because, Mr. Marryott said, it is impossible to divorce dividends from rate making.

Are deviations from manual rates in the public interest?

The casualty rating law, Mr. Marryott said, permits application to the rating bureau for the right to deviate if the insurer can show a saving on expenses. He said that experience causes him to doubt if companies can really support their contentions that their expenses are less.

Mr. Moser said that before the SEUA decision rate making was a kind of joke. After that decision everyone was scared and fear forced them to get along so that in their work on the all industry laws they were motivated by the effort to provide competition. They did provide incentives to competition in those laws. Matters worked out so well, however, that insurers were satisfied and the spirit of competition disappeared. Again the business is somewhat in the mood of wanting to keep the status quo.

Mr. Moser, who was addressing himself somewhat to the question of whether rate regulatory laws of the states should be liberalized to permit or foster greater competition, added that Allstate had found the finest rating law to exist in Idaho. There the insurer writes pretty much what it wants. The control the commissioner is chiefly interested in is solvency.

Abraham Kaplan of Powers, Kaplan & Berger, New York City law firm, asked how to tell if an insurer is insolvent.

Mr. Holz asked Mr. Moser if he didn't think he could do just as well as a member of a rating bureau and then deviate as he can by filing rates independently? Mr. Moser said no, that as a practical matter the insurer can't do as well. It is controlled by the averages of all companies on rates and on forms is tied up pretty much by membership in a bureau.

How do the recent multiple peril, all-risk policies affect the standard fire policy statutes in states where such

all risk policies are permitted?

Francis Van Orman indicated he did not believe that the headway being made by the package policies was eroding the standard fire policy. In California package policies are expected from application of the standard fire policy law. Pennsylvania has a similar law with some exceptions. In practice, insurance departments are permitting the package policies on personal property, but usually require the fire policy as a base.

C. F. J. Harrington, ex-commissioner of Massachusetts and now executive vice-president of National Assn. of Casualty & Surety Agents, said he thought the standard fire policy stands in the way of multi-peril form development. For example, he said, the manufacturers output can't be used in Massachusetts because of the standard fire policy law.

Commenting on compulsory automobile and possible alternatives, Mr. Neumann said that if the motor vehicle bureau of New York were something more than a fund collecting agency and if there were real police enforcement, the financial responsibility law would do a fine job. The whole key to the problem is poor enforcement, he said.

and federal jurisdiction in the regulation of insurance. Congress retained the right to enact legislation if that act specifically relates to the business of insurance and it is apparent that Congress has not abstained from enacting legislation affecting insurance when it provided that bonds for internal revenue employees would be procured at the expense of the federal government on a blanket bond basis rather than through the medium of individual bonds paid for by the bonded employee.

The surety business has been free from Congressional criticism, he said, but currently Congress is considering additional bills which regulate the placing of surety bonds for officers and employees of the federal government which would authorize the payment of premiums by the federal government and grant the power to an administrative official to approve the forms of bonds and prescribe regulations relative to their placement.

One of the regulations in the Carlson bill is that no bond shall be purchased at a premium rate per individual covered which is more than 35% in excess of the rate of premium for coverage in a like penal sum for a person holding a similar position during the calendar year 1908. And the bill also includes the stipulation that if the initial or subsequent premium cost exceeds \$500 for any bond, the government must advertise for bids and buy from the lowest responsible bidder whose bid is most advantageous to the government, price and other factors considered.

Mr. Harrington said he dislikes the rate limitation provision of the act because it offers possibilities of conflict with the views of the state authorities charged with responsibility to administer the state rating laws. But he believes such legislation should state that the bid should be most advantageous to the government, for the absence of the phrase might lead to complications in placing the bond.

Other federal bills affecting the transaction of insurance have the effect of eliminating competition between insurers and exclude the agent entirely from rendering service on a commission basis.

In many states there is danger, too, he said, because some present commissioners have a tendency to make rates rather than to test them in accordance with the standards of the laws. A conference with the commissioners would accomplish more than litigation, he said. The new commissioners will need unselfish advice and guidance so they can resolve controversies in a manner conducive to solvency of insurers and at the same time give the public rates which are not excessive, inadequate or discriminatory.



Wayne Van Orman



J. A. Neumann

York City attorney, chairman of the committee, arranged the program. A number of out-of-town guests attended, including Insurance Director Tom Pansing of Nebraska.

Members of the panel were Francis Van Orman, vice-president and general counsel of American; Joseph A. Neumann, Jamaica, N. Y., president National Assn. of Insurance Agents; Henry S. Moser, vice-president and general counsel of Allstate; Franklin J. Marryott, vice-president and general counsel of Liberty Mutual, and Monroe Maltby, vice-president of Johnson & Higgins.

What is the agency systems contribution to the insurance business and does that contribution justify its cost? Mr. Neumann pointed out that the system is a peculiarly American device evolved to fit the particular needs of this economy. There is nothing, he said, that can touch it at the price.

Mr. Moser and Mr. Marryott indicated they believe it is a good system. However, they, said, there is also room in the economy for insurance at a lower price, and there is no reason why companies operating on the system their insurers do should be barred. That seemed to be the consensus of the meeting.

Do the large mutuals carry out the basic purposes for which they are founded? Mr. Marryott believes they do. One of the special purposes for which Liberty Mutual was organized was accident prevention, and it has attained much in that field. He cited the example of mercury, which used to be deadly to work with but the handling of which safety efforts have

HARRINGTON SUGGESTS

Surety Agents Need Forum to Study, Discuss Legislation

Advocating the establishment of a forum in which top level executives of the surety business may discuss common problems with small committees of top level officers of the major national agents' organizations, C. F. J. Harrington, executive vice president of National Assn. of Casualty & Surety Agents, described some of the problems which should be considered by such a forum at the meeting of National Assn. of Surety Bond Producers in New York City.

Of primary importance, is the problem of legislation affecting the insurance business currently being considered by Congress.

Public law 15 did not completely oust the jurisdiction of the federal government over the regulation and taxation of insurers by the states, he said. The law states that no act of Congress should be understood to invalidate, impair or supersede any state law enacted to regulate insurance, but it goes on to say it cannot do this "unless such act specifically relates to the business of insurance." And, it continues that public law 15 does not render the Sherman act inapplicable to any agreement to boycott, coerce or intimidate.

It is apparent, Mr. Harrington said, that there are areas of concurrent state

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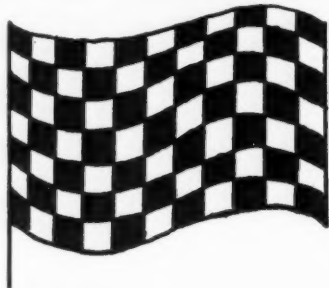
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Agents Are Advised to Study Methods for More Efficiency

North Carolina Assn. of Insurance Agents was told by Robert E. Battles of Los Angeles, National association executive committee member, that it was necessary for agents to direct their energies into such things as initial efficiency in producing and accounting for the insurance contract itself.

Of similar importance, he said, are matters of efficiency and speed in the satisfactory handling of losses as they occur.

William F. Aimone, executive vice-president of State Capital of Raleigh, directed his talk on package policies toward convincing the agents that they fill a competitive need by offering broader coverage at savings in premiums. He said agents should look at them with an open mind and not accept "gossip" that they are confusing or difficult.

He reviewed the history of package policies as they were developed in the U. S. during the past 20 years and explained the fundamental coverages offered by them.

Mr. Battles also told the annual meeting at Pinehurst that if there is merit in the packaging of personal account insurance—and he thought there is—then perhaps "we had better direct some attention to the question of packaging automobile insurance sooner rather than later."

He warned, however, that agents are not going to get to first base on any new project "until they can meet with insurers as working partners, not sparring partners."

He feels that improvements can be effected in the present method of issuing policies without jeopardizing the integrity of "our joint method of doing business."

M. & M. Indemnity Holds Spring Sales Meeting

Manufacturers & Merchants Indemnity and its subsidiary, Selective, held their annual spring sales meetings in Cincinnati May 2-4. The meetings were conducted by Lawrence V. Lindgren, recently appointed national sales manager for both companies.

The first all-day meeting was attended by the companies' direct writing representatives. Principal speakers were William T. Earls, Mutual Benefit Life, who described how to reach the objective, and William T. McWhorter, insurance manager of Procter & Gamble, who discussed what the buyer expects from the insurance representative.

At the Wednesday conferences, attended by branch office and sales managers, George Ratterman, quarterback for the Cleveland Browns, discussed teamwork, William Meyer, of Procter & Gamble, spoke on operation costs, and several members of Keeler & Stites Advertising Agency outlined advertising plans for the year.

Joseph B. Hall, president, opened the meetings with congratulatory remarks concerning the large increase in sales volumes of both companies.

Cleary Joins Sheehan Agency

Clarence A. Cleary has been named manager of the fire department and assistant secretary of the Sheehan agency at Columbus, O.

Mr. Cleary previously was with the Albers agency, Fidelity & Casualty and served as state agent in Ohio for Indiana Lumbermens.

State Farm to Build at St. Paul

State Farm Mutual has acquired a 4½ acre site in the St. Paul area for its

branch there. It is located in the village of Roseville.

Construction will begin soon on a 60,000 square foot, one story building of modern design, with occupancy slated for Oct. 1, 1956.

Ellis Is Ohio Special for Hartford Accident

Hartford Accident has named Jay B. Ellis special agent for northeast Ohio with headquarters at Cleveland. He was formerly an Ohio special agent for General of Seattle group.

Promote James La Plante

James La Plante has been promoted to assistant manager of Industrial Indemnity's financial operating division in San Francisco. He has been with the company since 1949 and has served as chief accountant since 1954.

Grant Garrison, who joined Industrial in 1951, has been appointed to fill the position vacated by Mr. La Plante.

Gets Medical Post

Equitable Society has appointed Dr. Marc J. Crilly assistant medical director on the staff of the bureau of medical selection in the medical department. He has served on hospital staffs in New York City and Brooklyn.

K. O. Loan Cover Rebate

The insurance committee of the North Carolina house has reported favorably a bill that would prohibit rebates or kickbacks by insurers to loan companies and that would give the commissioner authority to fix maximum life and A&H premiums that insurers could charge on loan insurance.

Babaco Head Gives Talk

Jacke Seide, president of Babaco Alarm Systems, spoke May 23 at a meeting of the newly formed Mariner's Club of Pittsburgh at the Gateway restaurant there. He discussed the underwriter's role in theft prevention.

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Ackerman Lists Points for Agents, Insurers to Follow

Five cardinal points that should be emphasized by local agents and insurers in facing the problems of the future were described by D. R. Ackerman, chairman of Great American group, before the annual meeting of North Carolina Assn. of Insurance Agents at Pinehurst.

He said they should:

Be receptive to new ideas and not permit themselves to be paralyzed by the heavy weight of tradition.

Effect every reasonable operational economy possible consistent with good management so that they may deliver an unexcelled product and service to the insuring public by providing maximum protection and security at reasonable cost.

Devise new merchandise for the buyer better tailored to his needs.

Improve selling methods.

Develop a professional level of insurance counseling through careful selection, training and encouragement of properly qualified independent agents.

Mr. Ackerman said that "if we can successfully implement this program, as I am sure we can, I am certain that no condition the future may bring will deflect us from our objective or diminish the importance of our position in the economy of the country."

Three Insurers Get Safety Council Award

The advertising campaigns of Farmer's group, Los Angeles, MFA Mutual, Columbia, Mo., and Michigan Mutual Liability have been cited by National Safety Council and given the public interest award. The companies sponsored radio spot announcements and engaged in other promotions designed to reduce accidents.

Farmer's group's campaign included magazine and newspaper advertising and 341 large outdoor posters reading "drive carefully—save a life—it might be yours". MFA Mutual's campaign included the distribution of thousands of red flags for farmers to use on moveable machinery. Michigan Mutual combined safety warnings with weather forecasts and carried periodic reports from local traffic enforcement officials on its radio programs.

Doctors Discuss Fee Schedules, Closed Panels

A principal discussion topic at the San Francisco meeting of California Medical Assn., attended by 4,000 members, was the setting up of fee schedules and closed panels, prepaid medical programs and county plans developed by doctors in their respective sections.

Dr. A. A. Morrison, association president, warned against permitting non-professionals to establish fee schedules and the closed panel. He said this "destroys the very important personal

relationship of the individual patient and the individual physician. The solo practitioner cannot understand how any patient would consider for a moment changing that relationship. Yet in terms of numbers, panel practices are flourishing in all parts of the state."

Fee schedules have been discussed at several meetings of A&H organizations as a possible method of expanding coverage inasmuch as potential loss could be estimated more accurately.

Dr. Morrison said panels are particularly successful in capturing large numbers of members from the ranks of union labor and highly industrialized areas. In some sections, he said doctors tried to set up their own programs to meet the closed-panel competition.

Miller Appointed W. Va. Deputy Commissioner

Louie Miller Jr. of Charleston has been appointed deputy commissioner in West Virginia. He has been director of the inheritance tax division of the state tax department. The assumption of his new position is pending reorganization of the department after July 1 and in the interim Mr. Miller will serve in a general advisory capacity, and in addition will assume the duties of James B. Smith who has been life and A&H deputy since 1952. Mr. Smith has gone with the Stout agency of Clarksburg representing Mutual Benefit H. & A. and United Benefit Life.

Mr. Miller was formerly with Equitable Society. He is a law graduate of the University of Chicago.

Bills to Hike UCD, WC Set to Pass in California

The California assembly has voted to pass the McCollister bill to increase UCD benefits from \$35 to \$40 per week. The bill, which is expected to be approved in the senate, extends for two years the provision that private insurers have the right to select those whom they insure.

The assembly has approved a bill to increase workmen's compensation benefits from \$35 to \$42.50 but the senate is considering a \$5 increase, as recommended by Governor Knight, as being more in line.

Package Policies Are Okayed in Mass.

Gov. Herter of Massachusetts has signed into law a bill that permits, for the first time, issuance of multiple line policies by companies with less than \$1 million of surplus. The authorization is restricted to dwelling property.

Any company, regardless of the amount of surplus, may issue, for example, the new homeowners policy embracing such multiple line coverages as fire, extended coverage, comprehensive personal liability and medical payments.

Conn. Moves Name Change Bill

The Connecticut house has approved and sent to the senate a bill changing the name of Connecticut Valley Mutual Hail and permitting the company to sell fire, theft and automobile coverage.

Aetna Casualty Ends 148th Training Course

Joseph F. Vannie, Hartford local agent, was the featured speaker at the banquet at Hartford which marked the completion of the 148th session of the Aetna Casualty sales course.

Mr. Vannie, a graduate of the training school in 1951, attributed much of his success to a studied and consistent use of Plandex, the company's patented technique for analyzing insurance requirements.

In stressing the importance of featuring personal service to policyholders, Mr. Vannie stated that delivering policies and renewals in person was one way of personalizing an agent's

service. He also recommended sending congratulations when clients receive favorable publicity in the newspapers.

He paid special tribute to the company's prompt claim service and said it was one of the best forms of advertising for his agency.

The class was led by Raymond L. Oakes of Knoxville. Others with high scholastic standing were Raymond R. Dooney of Wyncote, Pa., Herbert Qualls Jr. of Washington, D. C., Aristotle G. Pappajohn of Mason City, Ia., and Richard B. Barkin of Boston.

Gold ribbons for demonstrating outstanding skill in soliciting techniques were awarded Mr. Dooney, Mr. Oakes, Herbert P. Varley of Hoboken, N. J., and E. I. Hobbs Jr. of McLean, Va.



3 Questions for Owners about buying Insurance

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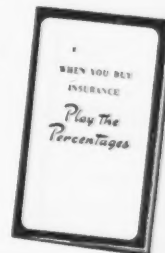
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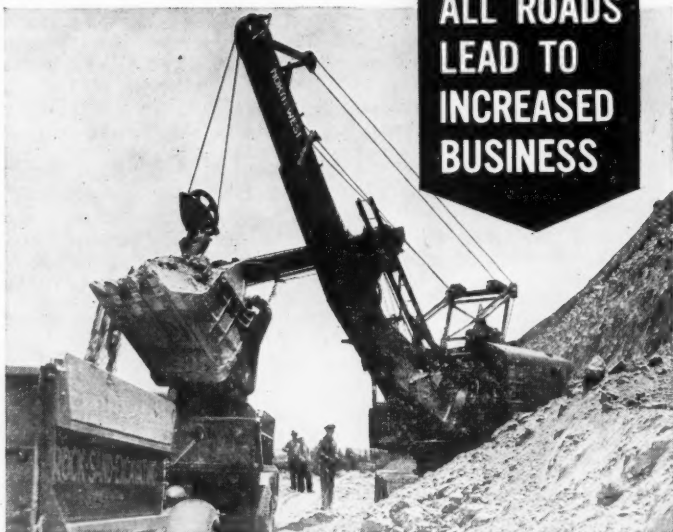
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Denver Charges State Not Paying Its Share of City WC Costs

The Denver city administration has charged the state has forced other public and private employers to subsidize \$½ million of what the state should pay in workmen's compensation insurance. Contained in a letter from Mayor Newton to Rep. Burch, chairman of the appropriations committee, the charge came out of the city's study of WC aimed at cutting the cost to Denver, which has risen from \$34,411 in 1947 to \$144,194 in 1955. The state has been appropriating only \$15,000 annually to cover the Denver WC, the letter stated, and some agencies, with independent incomes have been paying an additional \$10,000, while claims of state employees have been running about \$95,000 a year.

Rep. Burch said he was aware of the situation and had been working on it. The recent legislature appropriated \$127,372 so that it would have to be paid to the WC fund, but the state industrial commission, which handles WC, estimates the state owed \$432,828 at the beginning of the fiscal year. This amount included both back payments the state owed and the bill for the current fiscal year.

State Controller Noonan said that he had recommended payment of only \$15,000 annually because of a feeling that money shouldn't be taken from the general fund to go into a surplus. On April 30, the WC fund had a surplus of more than \$9 million, invested, and \$680,557 cash on hand in addition to administrative funds.

Mr. Burch said he had found the WC department was one of the state agencies which has not been paying their full insurance premiums. He said he intends to see that the state pays its full share, even if it doesn't go back.

State Must Pay Cost of Railway Liability in Building Highway

Railroad's protective public liability required when a contractor is building a highway adjacent to or over a right-of-way or the regular public liability the railroad buys to protect itself when a grade is being separated in a highway project, is considered a part of the project and the premium is part of the cost, Attorney General O'Neil of Ohio stated in a recent opinion.

The director of highways may require the coverages in amounts he fixes at his discretion, the attorney general said. And, when the highway construction is adjacent to the railroad, the railroad is entitled to compensation for the land, and in ascertaining damages resulting from the construction, the director of highways should consider any increased risk of liability or increased insurance cost imposed upon the railroad as an element which decreases the value of the market value of the property taken, he said.

Agents Must Be All Line in N. Y. after Sept. 1

With the revision of section 114 of the New York law, which requires fire, marine and casualty agents to take a multiple line, general examination in order to qualify, instead of, as previously, an examination covering one line, agents with one-line licenses will be required to take the other one-line examinations before Sept. 1, or the multiple line examination thereafter. The examinations now will be given quarterly instead of monthly, when the revision of the law becomes effective Sept. 1.

American Promotes Carlson, Reynolds, Carney and Edelman

American of Newark has elected O. Roy Carlson assistant vice-president, Frederick G. Reynolds secretary and Raymond J. Carney and John L. Edelman assistant secretaries.

Mr. Carlson, who had been secretary since 1954, has been with the company since 1926. He will have supervision of casualty and automobile underwriting of American group. Mr. Reynolds, with Bankers Indemnity since 1943, has been assistant manager at New York. He will head American's combined casualty and automobile underwriting department.

Mr. Carney, who joined Bankers Indemnity in 1926, will continue to supervise a unit of the combined casualty and automobile underwriting department and Mr. Edelman will be in charge of countrywide casualty loss operations under the supervision of Vice-president E. Scott Hale. He has been with American since 1952.

National Board Revised Report of Fire Hazards in Plastics Industry Out

National Board has published its latest research report, *Fire Hazards of the Plastics Industry*, a revision of a report published in 1946.

The publication provides essential information on the composition and classification of plastics, methods of manufacture and fabrication of finished products.

Prepared by NFBU's committee on fire prevention and engineering standards, the report also discusses a number of fire and explosion problems associated with the manufacture of basic resins, the production of moulding compounds, fabrication of end-use products, a hazard survey and safety program along with appended tables on fire properties of the principal hazardous materials, the thermo properties and burning characteristics of various plastics and a tabulation of identifiable trade names.

Michigan Mutual Liability Raises 2 in Home Office

R. H. Saunders has been appointed personnel director and Walter O. Miller assistant manager compensation and liability underwriting department of Michigan Mutual Liability. Mr. Saunders replaces E. R. Wallace who was recently made resident vice-president of the Detroit regional office. Mr. Saunders started in the company's home office automobile underwriting department in 1949, was transferred to Chicago as administrative assistant and he returned to the home office as assistant personnel director early this year.

Mr. Miller started as compensation underwriter three years ago and has also received training in the automobile underwriting department.

Webster to Agency Post of Boston & Old Colony

W. Richard Webster has been elected assistant secretary of The Boston & Old Colony to direct the agency and production department. He succeeds W. E. Stansbury, who resigned.

Mr. Webster was advanced from special agent to state agent in 1951, and to manager of the upstate New York region in 1953. He has been in insurance 20 years.

John B. Jenkins of the agency and production department succeeds Mr. Webster as regional manager. He has been in the business 25 years.

Neb. Law Limits Control Business

Gov. Warner of Nebraska has signed the bill supported and promoted by Nebraska Assn. of Insurance Agents which limits and defines the amount of business an agent can write on a life, health, property, or liability of himself, his relatives by blood or marriage, his employer or his employees. The old statute limited such business to the "principle" amounts, and this had been interpreted as 50%. Under the new bill 10% is the presumptive figure and 30% is the conclusive figure. There is \$50 minimum fine and \$100 maximum for violations.

The bill has no grandfather clause and goes into effect 90 days after the legislature adjourns. It provides that an agent who violates the definition and limitation will lose his license.

The association's agents feel that the bill will keep certain companies from appointing agents in order to get captive business, and in the bulletin the legislative committee chairman says it will have a greater immediate effect than a qualification bill could possibly have. The license of an agent writing control business primarily can be cancelled without going to the trouble of giving the prospective licensee an examination.

Two Premium Tax Bills Being Considered in Wis.

A bill has been introduced in the Wisconsin assembly by its rules committee, which consists of the Republican majority leaders of that chamber, which would impose a 1% tax on gross premiums or payments of more than \$100,000 of such organizations heretofore exempt from premium taxes, such as Blue Cross and Blue Shield, domiciled in the state.

This, as well as a casualty proposal, can be expected to be highly controversial. The casualty proposal, which has the backing of Gov. Kohler, would do away with the exemption from state premium taxes historically enjoyed by domestic mutual casualty companies. The bill asks a flat tax of 1% of premium income over \$100,000. While the domestic mutuals are presently excused from premium tax, the stock companies are taxed 2%.

Name Aderholt President of Kansas Claims Assn.

Kansas Claims Assn. at its recent annual meeting elected John Aderholt of National Surety, Wichita, as president. Other officers named were C. C. Keal, Western Casualty & Surety, Fort Scott, casualty vice-president; H. G. Butler, Underwriters Adjusting, Topeka, fire vice-president; J. E. Sheetz, Alliance Mutual Casualty, McPherson, secretary, and Joseph Gilmore, Tri-State Casualty, Wichita, treasurer.

Elected directors were H. L. Eddy, Hussey & Hussey, Topeka; W. W. Hiss, Western Adjustment, Great Bend; C. E. Kleinschmidt, Farm Bureau Mutual, Manhattan, and A. C. Dyer, Agency Claim Service, Kansas City, Kan.

Farm Bureau Building Trenton Regional Office

Farm Bureau is building a new regional office which will also house its subsidiary radio station WTTM at Trenton, N. J. The two-story brick and masonry air conditioned building will be at the corner of Brunswick avenue and Lake drive. The building will be ready for occupancy in the fall.

Name Jobe Manager of Homer Bray Service

E. C. Jobe has been promoted to vice-president and general manager of Homer Bray Service, Inc. of Albuquerque. He takes over the active management to replace the late Homer Bray, who was killed in a crash of an airliner in New Mexico several months ago. Mr. Jobe for three years was manager at Denver of the Bray Service and more recently has been at the head office in charge of claims. He is an attorney and, before joining the Homer Bray Service, for 10 years was with Commercial Standard as claims manager and as Denver manager.

Operations of Bray Service, which also is known as Universal Underwriters, will be continued along the lines laid down by Homer D. Bray. The president of Homer Bray Service is now Charles Bray, the son of Homer Bray.

Under the pool operation, the Bray Service writes third party liability and physical damage on long haul trucks, taxi cabs, butane and explosive haulers and other hazardous trucking line operations.

Tex. WC Assigned Risk Pool Elects Companies

Directors of Texas Workmen's Compensation Assigned Risk Pool have elected Traders & General, represented by Erston Smith, and Service Mutual of Waco, represented by Frank Cosgrove, to five year memberships. Aetna Casualty was elected as a servicing company.

G. W. Greathous of Texas Employers' Insurance Assn. was named chairman, succeeding Karl Vasen, executive vice-president of Houston Fire & Casualty, Alden Lancaster of Travelers was elected vice-chairman.

A. F. Raynsford, pool manager, reported that the volume of business has remained constant with \$1 million and that the trend has been for the withdrawal of larger risks and the introduction of smaller ones. A budget for the pool has been established and assessment on companies will be about 30 cents per \$1,000 of premium. About \$25,000 has been paid in agent's commissions.

Kemper Agents Hold Biennial Chicago Rally

More than 375 midwest local agents representing companies in the Kemper group were in Chicago recently for their biennial meeting, held at the Palmer House. R. C. Merritt, resident vice-president of Lumbermens Mutual Casualty, American Motorists and American Manufacturers Mutual, was host. N. C. Flanagan, vice-president of the companies, presided.

President Hathaway G. Kemper addressed the luncheon session and at the dinner meeting presented 10 and 25 year awards.

Business sessions were conducted by home office executives on underwriting, production, advertising and claim service for casualty and fire insurance lines.

C-O-Two Device Covers 3,600 Square Feet

The article in the April 16 issue concerning the C-O-Two pre-detector which has been installed at Christiana General, Tarrytown, N. Y., was erroneous in stating the heads will protect 60 square feet. The protected area is 3,600 square feet. One of the major advantages of the new system, developed by Pyrene-C-O-Two, Newark, is the fewer number of detector heads required.

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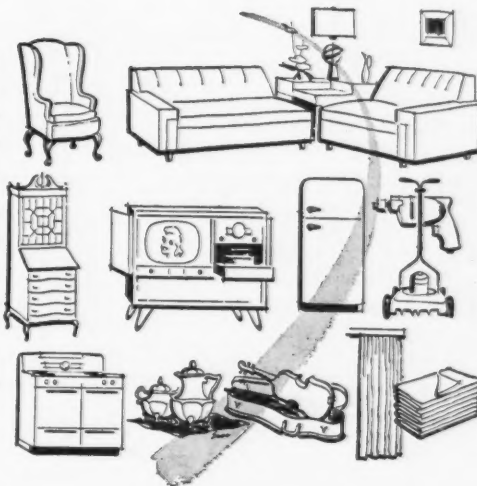
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EDITORIAL COMMENT

Emphasizing Local Character of Agent

Announcement this month by an eastern insurer that it is discontinuing the practice of supplying letterheads, envelopes and blotters for agents must have struck a responsive chord among insurance men who have long considered this practice at least partially wasteful. The company stated that its action was an attempt to capture the good will of local printers who, it said, feel it is only fair that agents buy their stationery and supplies and printing from them as local business men.

There is, of course, no reason to doubt the sincerity of this explanation. This does, however, remind one that insurance agents might have little to lose if all or most companies followed a similar course.

Anything which results in a saving for the companies these days—with expenses playing the important part

they do in the competitive picture—should be regarded as helpful. This is especially so if the cut doesn't affect agents adversely. Even more important, in our opinion, is that using a company letterhead—especially in correspondence with clients and prospects—seems to do very little to emphasize the position of the insurance agent as an independent local businessman. Some insurance men for years have taken the position that they will advertise no one but themselves in letter writing. Discontinuance of free supplies could accomplish the same purpose generally.

Correspondence with the companies themselves, bureaus, etc., probably ought to be continued on free company letterheads, but, when it comes to dealing with the public, the insurance man can benefit immeasurably by a letterhead which emphasizes his independence and local stature.

PERSONAL SIDE OF THE BUSINESS

U. S. manager of Caledonian, **Raymond T. Sweeney**, is touring Europe with Mrs. Sweeney while enroute to a worldwide gathering of all Caledonian managers. The gathering is being held in connection with the 150th anniversary of the company at Glen-eagles, Scotland. Mr. and Mrs. Sweeney are expected to return to the U. S. the middle of June.

Alfred Rode, chairman of Northwestern Mutual Fire, who broke his clavical in a fall at his Seattle home May 1, returned to work May 11 after a week in Providence Hospital.

Mrs. Willard W. Gifford, wife of State Agent Gifford of Home's farm department at Topeka, has returned home after undergoing surgery in a local hospital and is recovering.

Earl Gibbs, vice-president and manager of the western department of Boston at Lansing, Mich., is back at his office after having been hospitalized.

Roy E. Carr, president of Providence Washington, has been elected to a three-year term as a director of the greater Providence Chamber of Commerce.

John Bremer of Western Adjuster has been named president of the Owosso, Mich., Junior Chamber of Commerce.

J. H. Hackley, local agent of Cherryvale, Kan. was named mayor at a re-

cent meeting of the city commissioners. He will serve until the next election when a new mayor will be chosen to fill the unexpired term of Lawrence Henry who resigned.

Gerald R. Heath and Walter J. Sweeney, who were named by Pearl-American group as assistant U. S.



Gerald R. Heath



W. J. Sweeney

managers of Pearl Assurance and vice-presidents of Monarch Fire and Eureka-Security, have been with the company since 1931 and 1937, respectively. Mr. Heath will be in charge of casualty operations and Mr. Sweeney will be production manager of all classes of business for the group.

L. H. Doman, general counsel of American Foreign Insurance Assn., was given a luncheon at the Lawyers Club in New York by AFIA Legion in honor of his being with the association

for 35 years. Guests included AFIA General Manager James O. Nichols. Mr. Doman, who has been counsel and chief accountant, is the first employee to celebrate 35 years with AFIA.

E. A. Veillon, who was elected president of Louisiana Assn. of Insurance Agents at its annual meeting at Edgewater Park, Miss., heads the Eunice, La., agency which bears his name. He was formerly vice-president of the association.



James S. Kemper, chairman of Lumberrmens Mutual Casualty, will be the main speaker at Illinois Tech's commencement exercises, June 10. **Louis C. Thoelecke**, Great Lakes agency of Chicago, president of the alumni association will welcome the graduates into the alumni organization.

President C. W. Hall of Northwestern F. & M., gave a dinner last week for **C. T. Jaffray**, a leading Minneapolis banker and director of Northwestern F. & M. for 43 years. Directors of Northwestern and Twin City Fire attended the dinner, and Roland H. Lange, vice-president of Hartford Fire, attended from Hartford.

Edgar M. Grider, whose father, **Paul C. Grider**, is state agent in Kentucky for London Assurance, has been named vice-president of the 1956 class at Princeton.

Charles S. Nahm, Louisville agent, has been reelected president of Kentucky Thoroughbred Horse Breeders Assn.

Miss Joan Henning, daughter of **James Henning**, Louisville agent and past-president of the Louisville Board, will be married June 4 to Lt. Bosworth Todd of the air force.

William A. Eakin, western department manager of Employers group, and Mrs. Eakin have left Chicago for an extended European trip. They stopped off at the U. S. head office at Boston before leaving from New York. The trip is a result of an invitation given Mr. and Mrs. Eakin to visit the home office in London. They also will spend some time in Scotland and in Switzerland, Italy and France, returning about the middle of July.

Harold K. Johnson, a Chattanooga local agent, has been appointed a member of the Hamilton county, Tenn., election commission.

In recognition of his work on the Insurance Advisory Board, **Francisco Reyes P. Aldave**, manager of the branch office of New Hampshire Fire in Madrid, has been awarded the silver insurance medal of merit by the min-

istry of the treasury of Spain. American International Underwriters are the foreign managers of the company.

Commissioner Northington of Tennessee has received the Junior Chamber of Commerce good government award for his work in "reorganizing the department to improve service to the public while holding costs to a minimum."

Peter P. Miller of Bronxville, N. Y., a vice-president and director of National Dairy Products Corp., has been elected a director of Agricultural and Empire State.

DEATHS

ROSCO TURNER, 68, retired adjuster, who had been with American Automobile in Los Angeles, died at his home there.

WILLIAM A. BLANCHARD, 62, state agent for Underwriters of Chicago, died at his home in Detroit. He was the founder in 1937 of Michigan Assn. of Mutual Insurance Agents and was the founder in 1937 of Michigan 1752 Club. He had been in the business for 40 years.

E. W. CODY, 56, Milwaukee manager for the American Casualty and before that an attorney for Continental Casualty, died at U. S. Veterans Hospital at Milwaukee.

FRED A. MANLEY, 72, insurance broker, died at his home in Los Angeles.

CHARLES B. FARMER, 70, senior partner in the C. B. Farmer & Son agency of Oakland City, Ind., died there. The agency was organized in 1932.

F. A. WHITTON, 72, independent adjuster at Topeka, died at his home there. He had been awarded his life membership in the Kansas Blue Goose in January.

REP. JOSEPH L. BOUTIN, 63, of Belmont, N. H., founder of Boutin local agency in Laconia, which he operated with his son, Bernard, died in a Wolfeboro hospital. He had served two terms on the New Hampshire house insurance committee.

AUBREY L. CAVENAUGH, 62, a Warsaw, N. C., local agent for 30 years, died in a Clinton hospital.

R. BRUCE ANDERSON, 64, of Bellevue, Wash., retired special agent for National Fire, who had been with that company 30 years, died at his home.

FRED HELLMUTH, 54, assistant to F. P. Walther, secretary of America Fore group, died at his Queens, N. Y., home. He joined America Fore in 1918 as a clerk and served successively as assistant examiner, examiner and an-

THE NATIONAL UNDERWRITER

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Assistant Editors: Edward F. Cox, John B. Lawrence, Jr. and Eloise West.

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sistant personnel director and assist-
ant to the building manager.

LOUIS H. PINK, 72, New York in-
surance superintendent from 1935 to
1943, died of a heart attack at his
home in New York City. He was
president of the New York City Blue
Cross from 1943 to 1950 and chairman
for the next three years. He had also
served as president of the United
Housing Foundation of New York and
chairman of the New York state
board of housing and the Citizens
Conference on International Economic
Union.

MRS. ISABEL J. ROUSE, 51, wife
of Merl L. Rouse, president of Ameri-
can Reserve and vice-president of
American Re, died at the Rouse home
in Armonk, N. Y.

JOHN McELRAEVY, 73, general
counsel, a director and officer of
Alfred M. Best Co., died suddenly at
the firm's New York offices.

ERIC SCHANZ, 47, owner of the
Schanz agency of Cleveland, died at
Bay View hospital, Bay Village. He had
been in the agency business for 10
years, and before that was assistant
manager at Cleveland for North Ger-
man Lloyd Steamship Lines.

W. GLEN WALKER, 86, founder and
chairman of Millers Mutual Fire of
Texas and a partner in Glen Walker,
Collett & Rigg agency in Fort Worth,
died there. Mr. Walker had been a civic
and business leader in Fort Worth more
than half a century.

CHARLES B. FOSTER SR. 75, of
Foster, Brown & Fullilove, Shreve-
port, La., local agency, died.

JAMES A. BARWISE, 58, manager
at San Antonio for General Adjust-
ment Bureau for several years, and
more recently general adjuster at San
Antonio, died. He was a past most
loyal gander of the Alamo pond of
Blue Goose.

T. C. CRABBS, 82, director of Grain Dealers
Mutual of Indianapolis since 1940, died there.

Elect McCown President

Gordon McCown, general agent for
Mutual Benefit H. & A. and United
Benefit Life at Manchester, N. H., was
elected president of the companies' Eastern General Agents Assn. at its annual meeting in Greensboro, N. C. V. J. Skutt, president of Mutual Benefit, and N. Murray Longworth, United Benefit president, were principal speakers.

Grinstead President of Ohio Federation

L. H. Grinstead, president of Beacon Mutual Indemnity, was reelected as president of Insurance Federation of Ohio at the annual meeting. Mr. Grinstead is also president of National Assn. of Independent Insurers. Chosen as vice-presidents and chairmen of the federation's segment committees were Lewis E. McBride, central Ohio manager U. S. F. & G., and F. & G.,—casualty and surety; Carl Mitcheltree, president Columbus Mutual Life,—life; H. P. Young, who heads the agency bearing his name,—fire, all of Columbus, and W. G. Alpaugh, president Inter-Ocean Ins. Co.,—A&H, Cincinnati.

Homer Trantham, executive secretary-counsel of the federation, resigned to devote more time to his law practice. He has served the federation as executive head and counsel for 25 years.

Florida Mutual Agents Name Hale President

Florida Assn. of Mutual Insurance Agents elected J. H. Hale, Homestead, as president at the annual convention in St. Petersburg. Robert Lee, Fort Myers, was elected vice-president, and W. C. Gray, Ocala, secretary-treasurer. The convention broke attendance records and featured speeches by B. L. Williams of the Florida department; Prof. Victor Sweeney of the University of Florida; A. L. Minzey, Auto-Owners, and a representative of the Florida industrial commission.

Bradenbaugh Given New Post with USAU

U. S. Aviation Underwriters has named Baker A. Bradenbaugh assistant to the president, Albert J. Smith. With the USAU for nine years, he had been working out of the Chicago office until his promotion.

Mich. Legislation Coming to Head

LANSING—The Michigan house insurance committee has given a favorable recommendation to the bill to bring life and A&H agents under the qualification law, requiring that they submit to written examinations. There is only negligible opposition to this measure.

Also reported out of committee is a bill to prohibit pre-dating of life poli-

cies more than six months in order to gain a premium advantage.

The house labor committee has reported out of committee a bill to liberalize workmen's compensation act by increasing from \$1,000 to \$1,500 the amounts to be paid into the second injury fund by employers when employees die in compensable accidents but have no dependents.

The senate judiciary committee has reported out an aviation financial responsibility act along the lines of the motor vehicle law, and a bill to double the requirements of the motor vehicle financial responsibility act also have been reported out. These would increase the limits of from 5/10 to 10/20.

Plug for Conn. Bill to Bar Automobile Dealers from Selling PHD

Connecticut Assn. of Insurance Agents has sent a special bulletin to members notifying them that a senate bill which would make it illegal for anyone selling real or personal property on an installment basis to sell physical damage insurance in connection with the sale of that property has been sent back to the insurance committee by the state senate.

The senate insurance committee had reported favorably on the bill which is being supported by the association. The bulletin noted that automobile dealers have brought considerable pressure on the committee and members of the senate to defeat the measure and the association asked agents to contact their senators to urge them to support the bill.

Lumber Mutual Casualty Now N. Y. Mutual Casualty

The New York insurance department has granted Lumber Mutual Casualty permission to change its name to New York Mutual Casualty, effective July 1. The change is being made by the company because people were confusing it with insurers with similar names.

Formed in 1914, the company covered mainly lumber operations until 1933. It now writes a general line of casualty insurance and is making plans to write burglary.

In 1954 premium volume reached \$8,196,000, an increase of 23% over 1953.

Reynolds Joins Wolverine as Bond Unit Manager

John F. Reynolds has joined Wolverine of Battle Creek as bond manager. He has been with Hartford Accident at Chicago. He started with Hartford in 1946 at Escanaba, Mich., and in 1950 went to Grand Rapids as special agent for fidelity and surety lines in

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, May 24, 1955

	Div.	Bid	Asked
Aetna Casualty	\$3.60	212	Bid
Aetna Fire	2.40	73½	75
Aetna Life	3.00*	196	198
Agricultural	1.60	38	39½
American Equitable	1.70	42	43½
American Auto	1.20	27½	29
American, (N. J.)	1.20	32½	33½
American Motorists	.24	16½	Bid
American Surety	3.00	85	87
Boston	1.60	43	44½
Camden Fire	1.15*	29	30
Continental Casualty	1.40	114	116
Crum & Forster com.	2.00	73	74½
Federal	.80	39½	41
Fire Association	2.20	58	60
Fireman's Fund	1.80	76	77½
Firemen's, (N. J.)	1.10	41	42
General Reinsurance	1.80	48	50
Glens Falls	2.00	78	80
Globe & Republic	.90	23	24
Great American Fire	1.50	43	44½
Hartford Fire	3.00	182	185
Hanover Fire	2.00	50	51½
Home (N. Y.)	2.00	48½	50
Ins. Co. of No. America	2.50	117	119
Maryland Casualty	1.40	39½	39½
Mass. Bonding	1.50*	40½	41½
National Casualty	1.50*	41	Bid
National Fire	3.00	100	103
National Union	2.00	47½	48½
New Amsterdam Cas.	1.80	56	58
New Hampshire	2.00	51	53
North River	1.40	39½	41
Ohio Casualty	1.80*	85	Bid
Phoenix Conn.	2.50	85½	87½
Prov. Wash.	1.00	26	27
St. Paul F. & M.	1.10	60	62
Security, Conn.	1.60	47½	49
Springfield F. & M.	2.00	63½	65
Standard Accident	1.80	71	73
Travelers	19.00*	2330	2360
U. S. F. & G.	2.00	77½	79½
U. S. Fire	1.80	58½	Bid

western Michigan. He was promoted to assistant superintendent of the fidelity and surety department at Chicago in 1953.

Haas Executive V-P of Marine Office

Charles J. Haas has been elected executive vice-president of Marine Office of America. He will succeed Carl P. Kremer who is retiring. Mr. Haas was with Chubb & Son before joining Marine office in 1920.

\$1 Million Animal Insurer Being Set up in N. Y.

Animal Ins. Co., with a proposed capital of \$1 million, has filed intention to incorporate in New York.

The company will write animal insurance as specified in section 46, paragraph 11 of the insurance law, which refers to coverage for loss of or damage to domesticated or wild animals resulting from any cause. Milton M. Weiss, Brooklyn broker, is listed among the incorporators.

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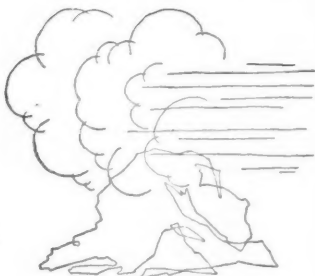
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11 Appointments Are Listed by Travelers

Eleven appointments have been made by Travelers, including the promotion of C. E. Chadbourn from assistant to casualty office manager at Manchester, N. H., succeeding A. W. Lawley who has retired.

C. S. Jenne, who has been casualty senior field underwriter at Albany, is the new assistant office manager at Manchester.

Four fire and marine field supervisors named were Frederick W. Hopkins and Harry L. Higgins at Detroit, Richard W. Faley at Hartford and William A. Mizell Jr. at Houston.

In casualty, fidelity and surety lines, Gregory B. Hillman, has been moved from the John street, New York, office to Brooklyn as assistant manager and the following field supervisors were named: Clyde J. Alsop at Lubbock, Tex., Maxie D. Jones Jr. at Jacksonville, Fla., John C. Wenrich at South Bend, Ind., and Roy T. Ellegard at Hartford.

2½% Decrease in WC Rates in Indiana

An average 2½% decrease in workmen's compensation rates, effective July 1, will save Indiana businesses more than \$500,000, according to Commissioner Wells. The rate changes are contractors, down 11%; manufacturers, reduced 1.1%; other businesses, increased 1.9%. More than 70,000 firms in the state have WC.

The reduction offset, partially, the 14% increase in WC that went into effect April 1 to finance higher benefits ordered by the legislature which include increasing the maximum weekly benefit from \$30 to \$33 weekly; minimum benefit up from \$15 to \$18 weekly; death payment up from \$10,000 to \$12,500 and burial allowance, increased from \$300 to \$500.

Springfield Group Names Two Underwriters

Springfield F. & M. companies have named as casualty underwriters John P. Tobin Jr., who will work at Providence, and Wendell W. Brown, assigned to the home office.

Mr. Tobin, who joined Springfield in 1941, has had both fire and casualty underwriting experience. Mr. Brown joined Springfield in 1952.

Mutual Safety Men's Annual June 13-14

Mutual insurance safety and loss prevention personnel will meet for their annual conference in Lansing, Mich. June 13-14, sponsored by National Assn. of Mutual insurance companies, Indianapolis.

Opening the two-day program will be Carl M. Russell, president of Meridian Mutual, Indianapolis, who will discuss what top management expects from a loss prevention department. Discussing company engineering departments will be W. G. Schultz, assistant vice-president of Lumbermens Mutual of Mansfield.

Other addresses on the program include new developments in workmen's compensation hazards, by Dr. E. G. Meiter, director of the industrial hygiene laboratory, Employers Mutual Liability, Wausau, Wis., fire and casualty hazards in distribution and installation of LP-gas, by Claude Stubbe, loss prevention engineer of Mutual Service Casualty, St. Paul; and evaluating a driver education program, by Leslie Silvernale of Michigan State college.

Both days will feature panel and group discussions on management, operation, and problems of a loss prevention department. Chairman of the meeting is Harry M. Pontious, loss prevention director of Farm Bureau companies of Columbus, O. Mr. Pontious is chairman of the National Assn. of Mutual Insurance Companies' safety and loss prevention committee.

Revised Chart Analysis of Auto Risk Plans Out

Assn. of Casualty & Surety Companies has published a revised single-page chart analysis of automobile risk plans now in effect in the United States and Hawaii.

The analysis contains 11 headings including such information as classes of risks, plans available to non-resident military personnel, requirements for an investigation fee or deposit premium when the policy must be issued, surcharges, period of assignment and usual features.

Copies at 15 cents each may be obtained from the association's law publications editor, 60 John street, New York.

Insurance School Names Reimer Educational Aide

Harold W. Reimer has been appointed educational assistant on the staff of the School of Insurance of Insurance Society of New York. He will assist A. Leslie Leonard, assistant dean, in conducting the society's educational activities.

Mr. Reimer has been an underwriter in the A&H department of Indemnity of North America. He previously did actuarial work for U. S. Life. He is the second educational assistant named recently in line with the school's policy to extend its services.

MaDan Elects Taubert President

George F. Taubert, long associated with the late George G. MaDan in the insurance accountancy firm of MaDan & Co., Lansing, Mich., has been elected president and chairman to fill the place of Mr. MaDan who died a few weeks ago. Miss Edith M. Potter was reelected treasurer and named to a vacancy on the directorate. W. R. O'Kelly was re-named vice-president and John M. Pallick, secretary.

MaDan & Co. specializes in statistical survey services for fire and auto insurers and in the past served in a number of receivership cases in behalf of the insurance department.

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Insurer Held Liable for Excess Judgment

Superior court at Tucson has awarded a \$45,000 judgment to an automobile policyholder of Farmers Exchange of California in a case in which the insurer refused to settle a claim for \$4,000, offering \$2,500 instead. When the case came to trial, an \$18,000 verdict was handed down against the insured.

The insured were Mr. and Mrs. George Henderson, who charged Farmers with bad faith and breach of contract. They lost a self-help laundry business because they were unable to pay the \$18,000 judgment which arose as a result of an accident in 1952 when they were in a collision with a bus. The bus driver brought suit and won a jury verdict. This was later reversed by the Arizona supreme court, but in the meantime the Hendersons charged they were unable to post a supersedeas bond and their business was sold at a sheriff's sale. They said the bus driver had been willing to settle for \$4,000, but Farmers would only go as high as \$2,500. It was at this point Farmers was warned that the Hendersons would hold it responsible for any judgment against them, and it was brought out by the Hendersons that the bus driver had a good cause of action.

Farmers charged that the matter should be tried, holding contributory negligence on the part of the bus driver. The company also said the Hendersons were negligent in not taking out a larger policy.

Sikes Resigns from Ark. WC Commission

Sikes Resigns from Ark. WC Commission

LITTLE ROCK—Arnold Sikes, labor representative on the Arkansas workmen's compensation commission since 1952, has resigned to become executive secretary to Gov. Faubus.

The governor has named Sherman V. Zinn, North Little Rock, secretary of Arkansas Federation of Labor, to fill Mr. Sike's unexpired term on the commission ending in 1958. For many years Mr. Zinn has been known as the legislative representative of Arkansas State Firemen's Assn. He was a member of North Little Rock fire department 21 years before retiring 10 years ago.

Vernon Agents' School and Vacation Aug 7-20

The Vernon companies of Indianapolis will repeat their successful combined insurance school and fishing vacation for agents at Lake Vermilion, Minn., this summer. The first session will be Aug. 7-13 and the second Aug. 14-20. As before, the affair will be at "Rockenpine", the lodge of Paul E. Jack, vice-president of the companies, on Ely Island in the lake, with accommodations on the mainland for agents who bring their families.

Prof. J. E. Hedges of Indiana University and J. C. O'Connor, Cincinnati, executive editor *Fire, Casualty & Surety Bulletins* will be the instructors.

Farm Bureau Files UJ Policy in Pa.

Farm Bureau Mutual Automobile of Ohio has filed in Pennsylvania an unsatisfied judgment policy to be added to the standard automobile liability policy at a small additional cost.

This is not the same policy the company filed in North Carolina in October called alternative compensation insurance, which gives insured a choice between accepting immediate compensation regardless of fault and circumstances of the accident or pursuing the claim under the laws of negligence.

The policy, which, for the present, will not be sold outside Pennsylvania, is called unsatisfied judgment. It pays after a court or independent arbiter decides in the policyholder's favor and the defendant either can't be located or is unable to pay.

The coverage, which also covers members of the policyholder's family, pays \$5,000 for one person, or up to \$10,000 in the event of injuries or death of two or more members of the family. Reimbursement is made regardless of whether the members were passengers in a car or pedestrians.

Cryer Agency Is Reorganized

Cryer agency of Buffalo, which specializes in contractors' bonds, has reorganized, according to President John W. Cryer Jr. Robert A. Marshall, formerly with John W. Cowper Co. has

been elected a vice-president; John M. Brendel, vice-president and secretary, was named to the board. Thomas A. Ceglia has been elected a director, succeeding M. M. Cryer, former treasurer, and will serve as public accountant. President Cryer has assumed additional duties as treasurer and Mrs. Beverly E. Brendel has been elected assistant secretary. Mr. Brendel succeeds the late John W. Cryer Sr. on the board.

Pa. Lumbermens Mutual Has New IM Department

Pennsylvania Lumbermens Mutual has established a special department to handle all-risk policies and named Joseph Hyde, with the company for more than 20 years, as manager of the new inland marine division. He will be assisted by Miss Marcella McCloskey. Prior to his promotion he was in the underwriting department.

Although the company has sold all-risk policies on a limited basis since before the second world war, this will be the first time these policies have been made available to all its agents.

The new policies will be ready for use by company agents no later than June 1. An IM hand book is now available to agents.

Conn. Merger Bill Moves

The Connecticut house has passed and sent to the senate a bill that would permit domestic insurers to merge without special legislation from the general assembly if the insurance commissioner approves the merger following a hearing.

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Chicago A&H Assn. Holds 30-Year Dinner

Nearly 100 members and guests, among them company executives, heads of allied associations and officers of International Assn. of A&H Underwriters, gathered recently in Chicago to celebrate the 30th annual dinner of Chicago A&H Assn.

Although there were no formal speeches, William G. Manzelmann of North American Accident, president of the Illinois association and immediate past president of the Chicago association, expressed a few words of appreciation to the members of the executive board and introduced Roy E. Davis, Illinois Mutual Casualty, Peoria, immediate past president of the Illinois association, who spoke briefly.

There was professional entertainment both at the cocktail party and the dinner. Robert L. Seiler manager Paul Revere Life, was chairman of the affair.

A & H Group at St. Louis Elects McCullom President

Edward J. McCullom, American Life & Accident, is the new president of A&H Underwriters Assn. of St. Louis. He succeeds R. L. Macher.

The other new officers are: Vice-president, William Steinlage, Sterling; secretary, John Lewis, Mutual Benefit H. & A., and treasurer, Claude Reno Jr., World.

A & H Programming Urged by Osler at K. C. Meeting

Life agents have not begun to learn anything about programming A&H, and company courses are doing virtually nothing to teach them how to do it, R. W. Osler, vice-president, Rough Notes Co., Indianapolis, told Kansas City Assn. of Underwriters.

"The vast majority of agents are selling A&H as an afterthought," he

declared, "sticking it in the proposal as an unrelated item. I'd like to make a bet that there isn't a life insurance man in this room who could tell me how to use A&H in the program clean-up fund, how to use it in the emergency fund, how to set up a readjustment A&H program. There are probably not even many who have ever sold a mortgage insurance policy; and the mention of business disability insurance to a life man brings on a blank stare."

"We do a lot of bragging about the increase in A&H premium income since the war, but what kind of a selling job are we doing? We're pushing nickel and dime coverages, making little effort at all to give the public integrated, coordinated income insurance programs to protect them against death, old age, and disability. Until we start giving them real programming service, A&H can expect to face continued criticism and pressure for social insurance."

Ruhrdanz New President of Chicago Claim Assn.

Chicago Claim Assn. at its annual meeting elected Edward Ruhrdanz, Retail Credit Co., as president. He succeeds J. C. Stange, Travelers.

Other officers are Howard Westphal, Continental Assurance, vice-president; Ralph Martin, Independent L. & A., secretary, and Everett Moburg, United, treasurer. Charles Strezo, Sterling, and Thomas Leahy, Prudential, were named to the executive committee.

Study Army Dependents' A&H Plan

Maj. Gen. G. E. Armstrong, army surgeon general, says the army is favoring a plan similar to Blue Cross and Blue Shield for medical care of servicemen's dependents, although no details have been worked out.

A&H Men Elect at Columbus

Columbus (O.) Assn. of A&H Underwriters has elected Robert M. Best president. Calvin Curtis is vice-president and E. E. Emslyer, secretary.

Stresses Right Mental Attitude at Cincinnati

The right mental attitude is the basic requirement for the successful salesman in accident and health insurance, Jay DeYoung of Jay DeYoung Associates, Chicago, and controller of International Assn. of A&H Underwriters, told the Cincinnati association at its May meeting.

Tied in with the right mental attitude is prospecting, he declared. It is the easiest thing in the world to figure out why a man is not a prospect, but the salesman must have a creative mind, must think things out, and must watch the trend. He said that "in the final analysis, if our mental attitude is not right, we are in the wrong business."

The mental attitude should be a positive one, too, he explained, because a positive attitude will bring a positive response toward getting agreement. "I cannot over-emphasize the value of the positive approach to everything you do or say."

He spoke strongly of the advantages of being a member of the International association, and cited that the one objective and primary goal is to "stimulate production in such manner that the public will never question the ethics of our business."

Mr. DeYoung was introduced by William R. Dignan of W. R. Dignan Associates, Cincinnati. Mr. Dignan also reported on proposed dangerous state legislation which was shelved indefinitely a few days earlier, and against which concerted efforts of insurance interests registered strong opposition. One of the provisions of the bill would have made accident and sickness policies, other than accident-only contracts, non-cancellable after the second anniversary.

Says to Eye Complaints Of A&H Policies to Find If Provisions Proper

New York state insurance department examiners were told by Sidney Michaelson, chief of the policy bureau, that while a scrutiny of A&H provisions other than the standard provisions is an important safeguard, a more effective test of the propriety of such provisions lies in a careful review of the treatment of policyholders.

The nature and frequency of the inquiries and complaints made by A&H policyholders to the department provide an effective means of determining whether policy provisions were clearly understood by the insured at time of purchase and were properly interpreted and applied by insurer.

Mr. Michaelson said that the extent of policyholder complaints may indicate the need for a full field examination of the company's claim adjustment file and if such an examination reveals evidence of undesirable post-claim underwriting practices this evidence will be of material assistance in the development of recommended changes in policy wording. In some cases the form may be withdrawn entirely.

Talks at Wis. A & H Meet

S. L. Horman, executive vice-president of Time, Milwaukee, and chairman of the legislative committee of Wisconsin A&H Assn., spoke at the spring meeting of Northwest Wisconsin A&H Assn. at Eau Claire.

Cal. A & H Managers Set Meets

A & H Managers Club of Los Angeles has completed arrangements for its annual outing and gold tournament at the Riviera Country club June 3. Included will be the annual dinner and

awarding of golf prizes.

Preliminary arrangements for California State Assn. of A & H Managers Clubs convention, to be held in Los Angeles Oct. 29, were made with the appointment of a committee chairman. It was voted to include a sales congress section in the day's proceedings.

Madison A & H Men Install Officers

New officers installed by Madison Assn. of A&H Underwriters at the May meeting are Hugh G. Raymond, president, M. J. Bending and Harold Fair, vice-presidents; Barbara Salisbury, secretary; Charles B. Stumpf, Clarence Kroneman, Robert Behrens, Bruce M. Stahl, Harry G. Bronson and Richard V. Bruns, directors.

Charles H. Gilbert, president of the Wisconsin association, spoke on selling. The annual state meeting and sales congress will be held Aug. 19-20 at Milwaukee Elks Club.

N. H. A&H Underwriters Hear Talk by Coursey

William G. Coursey, managing director of International Assn. of A&H Underwriters, was guest speaker before New Hampshire Assn. of A&H Underwriters at Manchester.

He cited the need for better education of A&H agents, discussed legislative problems they face and introduced a visual sales kit used in soliciting membership. The New Hampshire association will hold its next meeting at Laconia June 20.

Holding Breakfast Meeting

Washington Assn. of A & H Underwriters are holding a managers and general agents breakfast May 26 in Seattle with H. C. Horn, who has been a million dollar producer for B.M.A. 11 consecutive years, as the speaker. Presidents of domestic companies engaged in A & H are being honored at the breakfast.

Mock Being Honored

General agents of National Accident & Health are observing May as presi-

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dent's month and are conducting a special production campaign to set a new monthly record in honor of President T. W. Mock who observed his birthday May 21. A permanent memento will be presented to every producer taking part in the effort. Mr. Mock has been president five years.

L. & N. Strike Settled: Railroad Pays All the Cost of A & H Plan

The Louisville & Nashville railroad under the terms of a referee's decision will pay the entire cost of the health and welfare plan which was the basis of a prolonged strike. The other railroads participating in the plan, which is underwritten by Travelers as the lead company, share the cost equally between the railroad and the employees, but when this was attempted with the L. & N., the railroad said it could not under Kentucky law require payroll deductions of its employees. The same issue is being tried in other courts where the employees have filed for injunctions to prevent the company from deducting from salaries. The referee's decision in part was based on this situation.

Under the Travelers national plan, the monthly cost is \$6.80. The L. & N. is paying all of this.

Drake Sutter Heads A & H Managers Group at L. A.

Drake Sutter, Continental Casualty, is the new president of the San Francisco A&H Managers Assn. Charles D. Brown, Mutual Benefit H&A, is vice-president, and Len Johnson, Commercial Union, secretary.

The meeting was conducted jointly with Northern California A&H Underwriters Assn., and members of the California department. Jeff Branscom, Washington National, president of the northern California group, introduced Commissioner McConnell, who spoke briefly. Mr. McConnell asserted insurance company advertising is adequately covered under California law, and said he will do all in his power to stop the FTC campaign against A&H insurers.

American Casualty's Student Plan Kit Out

American Casualty has distributed to its agents a kit on the 1955-56 student protection plan for students, teachers and clerical staffs of public and parochial schools. This year's plan has been extended to cover students not only in school supervised activities but also while attending religious services.

The plan, which pays up to \$2,500 accident medical expense, \$1,500 accidental death benefit and up to \$1,500 dismemberment benefit, is available in all states except California, New Jersey, Oregon, South Dakota and Texas. More than 1.5 million students are insured under it.

The compact kit contains sales procedure, lists schools and persons eligible, and explains installation procedure and advantages of the plan.

Ill. Mutual Casualty

Increases Disease Benefits

Illinois Mutual Casualty is doubling its maximum benefits under its specified disease policy to \$10,000 without an increase in premium. Under the cancer expense supplement the amount payable is increased to \$2,000.

All increases apply to policies now in force as well as to new business.

Chicago Claim Golf Outing Set

Chicago Claim Assn. has scheduled its annual golf outing for June 8 at St. Andrews County Club.

Seltz Elected President of Iowa A&H Association

Paul Seltz of Des Moines, state manager of Des Moines Casualty, was elected president of Iowa Assn. of A&H Underwriters during the annual convention at Waterloo.

Named vice-presidents were Byron Hart of Pacific Mutual Life, John McGuire of Pacific Mutual and Kenneth Sultz of Equitable Life of Iowa. Alex McRae of Travelers was elected secretary-treasurer.

Convention speakers included Travis Wallace, president of Great American Reserve; Jack Taylor of Mutual Benefit H&A and Reginald Snyder of American Hospital & Life.

Spencer Medical Center Digest Is Off Press

The need for recognizing the rapidly expanding system of medical centers in servicing employed persons and their families is pointed out in a special report "Are Medical Centers the Answer?" published by Charles D. Spencer & Associates, Chicago. (Cost \$1.00).

The possibilities of having medical centers take over the budgetary aspects of family medical care expenses so that present insurance plans can be expanded to meet the expenses of serious illnesses of long duration are considered and the present status of key medical centers is summarized in the digest.

Continental Casualty Opens Substandard A & H Unit

Continental Casualty has established a special division to write substandard A&H. Based on data assembled by its research department over the past several years, followed by eight months of controlled field experience, Continental Casualty has found that 98.6% of those regarded as uninsurable will be able to obtain A&H protection at reasonable rates.

The company intends to get into the substandard market on an aggressive, large scale basis and will write this business on a brokerage basis as well as through its own agents.

According to Louis C. Morrell, vice-president, Continental's new division will help meet one of the strongest criticisms of the A&H industry,—that "applicants with serious physical impairments are rarely able to obtain needed protection."

Combined to Underwrite World Automobile Plans

Combined Ins. Co. will now underwrite all personal travel accident policies of World Automobile Association of South Carolina. The association, now licensed to operate in eight southeastern states, with Combined underwriting the insurance will be able to operate in all 48 states and the District of Columbia. According to Manuel F. Fernandez, president of WAA, plans are eventually to move its home office to a more central location, such as Chicago.

The WAA policy, in addition to other travel accident policy features, is operative worldwide on private or public conveyances. It also assures members of bail bonds up to \$5,000, cash bonds to \$200, personal legal fees to \$200, payment of towing costs, travel information service and aid in car recovery in case of theft.

Asks A&H Riders in Okla.

Be Signed by Insured

OKLAHOMA CITY—A legislative committee of the Oklahoma house has recommended that restrictive riders on A&H policies should not be effective unless signed by the insured, and should not be attached to a policy after

it has been written. The recommendation, made by the house general investigating committee, applies to group policies and those issued to professional or trade associations.

In connection with their investigation, the legislators were told by Commissioner Hunt that it is easier to start an insurance company in Oklahoma than to open a hamburger stand, because a hamburger salesman must have at least a griddle and a place of business. The investigation was started because of complaints that "fly-by-night" insurers were operating without sufficient resources to pay claims.

The committee's report covered this phase of its work by pointing to a bill introduced in the legislature requiring all mutual companies to be licensed by the insurance department and to have

assets of \$50,000 more than their liabilities. This measure, the report said, "would do much to prevent improperly organized companies from doing business in the state."

May Require Boxers A & H Cover

Wisconsin legislature has passed and sent to the governor a measure which provides for compulsory accident insurance for the state's professional boxers. Boxing promoters will be required to insure boxers for up to \$500 for injuries and \$2,500 for accidental death.

T. O. Youtsey Jr. has purchased the agency of the late Gene Ware of Covington, Ky. Mr. Youtsey had been with the agency.

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Better Qualification
Long Term Answer to
Specialty Competition

For two years agency companies and agents have been intensely preoccupied with the threat which the direct writer and other independents in the automobile and dwelling fields have presented. This competition has taken the form of a price differential, rather than service, and has prompted companies and agents to make suggestions calculated to reduce the pain and swelling. John F. Neville, executive secretary-general counsel, National Assn. of Insurance Agents, told the Georgia association in Atlanta.

All companies and all agents have not felt the enervation and frustration of this competition for the automobile and dwelling business in equal measure. Some agents tell the story that their business is not merely going off their books, but simply evaporating; others say that they are relatively unaffected and feel that the problem has been over-emphasized. Probably the true situation is somewhere between the man who says he is drowning in a sea of rough competition and the man who claims he isn't even near the water.

Of course there is a problem and, for the agents adversely affected, a serious one. It becomes important, therefore, to concentrate on feasible remedies; those which by their very adoption will affirm the belief in the agency system rather than to atomize it.

Suggestions as to how the agency companies can reduce expenses have been made to the point at which it is claimed the direct writer can be met where he is strongest—price.

A few companies have recommended that in order to compete these days it is necessary to become as nearly similar to the direct writer as possible. These advocates of joining the competition rather than standing up to it recommend among other things adoption of continuous policies, direct billing and a substantial income reduction for the agent.

Also discussed are a signed application for automobile insurance; and money on the barrel to eliminate "free insurance" and "not taken" policies.

On one point, at least, all segments of the agency business agree. The significant difference between the two systems of distributing insurance is the service of the local agent, if he renders it in copious amounts and competently.

Up to this point most plans to meet competition have been concerned with reducing expense, which would presumably be reflected in rate reduction. There has been little emphasis on the necessity for stimulating the agent to become more professional in the service he renders. Mr. Neville commented. The problem of professionalizing the property insurance agent is so fundamental to the health and continued prosperity of the agency system that it is commonly overlooked, probably because the raising of standards of competence of the agent is not a spectacular, easily accomplished remedy which can be developed overnight.

A program which urges the education of the agent and the careful examination of applicants for agents' licenses will not have a great effect on the difficulty agents face today. But the long range effect of professionalizing the agency system opens wonderful vistas to those who have the imagination to visualize it, he declared. If agents are not to meet each successive competitive crisis piecemeal they sim-

Russ New President
of N. Y. IM Claims
Assn.; Others Named

Inland Marine Claims Assn. of New York has elected Charles P. Russ of U. S. F. & G. president and a director.

Other officers are Paul Sheldon of Home, vice-president; George S. Zacharkow of the Boston, secretary; T. Joseph Taylor of Great American, treasurer, and William B. Marks of Talbot Bird & Co., assistant secretary. Ferd Gamblicher of Norwich Union Fire and T. Davidson of T. D. Davidson & Co. were named audit committee members.

Newly elected directors include Paul E. Irish of Fireman's Fund and Robert Cherrington of American Surety.

Installation will be held June 2 at Vernon Hills Country club.

Philadelphia Accountants
Elect A. J. McGinnis

Insurance Accountants Assn. of Philadelphia has elected Arthur J. McGinnis of Royal Indemnity, president, Paul H. Petschelt of Phoenix of London, vice-president, and J. D. Ross Hunter secretary-treasurer.

Other board members elected are W. J. MacDonald of Century Indemnity, H. M. Black of New Amsterdam Casualty, Alfred M. MacLennan of American, George Starzmann of Fidelity & Casualty and Malcolm F. Gray of Hartford Accident.

Maine to Study Method
of Handling Insurance

Gov. Muskie of Maine and his executive council have agreed to retain for at least one year the current system of distributing the state's \$60 million fire insurance coverage and voted to appoint a statewide bipartisan committee of insurance representatives to try to work out a better program.

Under the present system, there is one key agent in each of the seven councilor districts who, with the councilors, arrange distribution of the business among 500 to 600 agents.

ply must give the implications of today's competition a place in tomorrow's planning.

The proper place to start in a program to professionalize the agent is with the agents licensing and qualification laws, he said.

Because NAIA efforts to create good licensing legislation by means of a model bill caused delay, embarrassment, frustration, and in some cases the abandonment of attempts to improve the licensing laws, NAIA in 1950 withdrew its approval of the "model" draft, leaving state associations free to develop their legislative programs, tailored to their local situations.

The fact that the NAIA's path toward strong qualification laws has been very rocky indeed, and that it has been forced through bitter experience to change from approval to absolute disapproval of "uniform" or "model" licensing laws, has in no wise weakened its desire to see them adopted everywhere, he said.

The competitive problem facing the agency system will not just dry up and blow away. It must be faced squarely with whatever measures are necessary to overcome the immediately acute difficulty. But if one is really to strike a blow for the agency system, which will endure for many a year, let him give some thought to the professionalization of agents and steps necessary for its ultimate achievement. Certainly, not the least of these is to strengthen licensing laws.

NAIA Counsel Asks Senate Group to Save Tax Sections

WASHINGTON—Charles W. Tye, special tax counsel of National Association of Insurance Agents, appeared before the Senate finance committee to urge amendment rather than outright repeal of sections 452 and 462 of the 1954 tax code.

He urged the committee to preserve the sound tax accounting provisions that are especially appropriate to the accounting operations of the average insurance agency.

Savings Bank Insurance Forum of N. Y. Names Hazel Ahern Chairman

Savings Banks Insurance Forum of New York State has elected Hazel Ahern, insurance manager of the Dollar Savings bank of New York, as chairman. She is the first woman to be named to that post.

Other officers are Clarence W. Herald, assistant manager of South Brooklyn Savings Bank, vice-chairman; Ellsworth F. Keppeler, assistant secretary of Buffalo Savings Bank, upstate vice-chairman; Elsie Callahan of Manhattan Savings Bank, secretary, and Charles A. Anderson, insurance manager of Kings Highway Savings Bank, treasurer.

Phil Weber Resigns as Manager of Chicago Hotel

Phil J. Weber has resigned as general manager of the Edgewater Beach hotel at Chicago. Mr. Weber, who has a wide acquaintance among insurance men, has not announced his future plans, though it is believed he will assume a similar position at Los Angeles.

Mr. Weber was with the Chicago hotel for 33 years. A large number of insurance meetings are held there. His successor has not as yet been named.

Hawkeye-Security Names Managers in Ia., Omaha

Hawkeye-Security has appointed Phillip Blumberg branch manager for Iowa and Robert Edison branch manager at Omaha. Mr. Blumberg has been with the company for 25 years, since 1935 as field representative and manager at Omaha. Mr. Edison has been with the company since 1948, and, since 1949, has been underwriting manager at Omaha.

Juiffre Heads Casualty Underwriters of Va.

Casualty & Surety Underwriters' Assn. of Virginia has elected S. C. Juiffre, casualty superintendent of Fidelity & Casualty, president, R. E. Burton of Hartford Accident vice-president, J. F. Morano of National Surety secretary, J. F. Hood of London Guarantee treasurer, J. W. Dalston of Royal-Liverpool assistant treasurer, and C. M. Hart Jr. of Fidelity & Deposit member of the executive committee.

New Fire Control Device Vents Blaze

A new fire control device, the Pyrodome, developed by Wasco Products, Cambridge, Mass., which automatically vents fires through the roof, may be of interest to insurance men.

The device is a completely prefabricated unit designed so that when excessive heat occurs in a building, the Pyrodome's fusible link snaps, activating a lifting mechanism which automatically raises the dome to allow heat, smoke and gases to escape through the roof less than two minutes after the

fire starts. The products of combustion are drawn through the roof opening and the fire is localized in the same manner as an ordinary fireplace.

In recent final tests held by Factory Mutual Laboratories at Norwood, Mass., a gasoline spray exposure fire in the test building, a 2,300 square foot area vented by two Pyrodomes occupying 32 square feet of roof space, remained clear enough for fire fighting throughout the 15 minute test.

Milwaukee Underwriters Name Kappes President

MILWAUKEE—Milwaukee Insurance Underwriters Assn. has been formed here by underwriters employed in local home and branch offices of fire, casualty and surety companies. The purpose is to provide opportunities for educational and social meetings of the salaried underwriters. Officers are George Kappes, Jr., Marketmen's Mutual, president; Philip Houser, Jr., Ohio Casualty, vice-president and treasurer; Donald Reinertsen, Jr., Badger State, secretary; Frank M. Boule, Chris. Schroeder & Son, Inc., and George Karnarek, directors.

Carl P. Kremer Feted on Impending Retirement

Carl P. Kremer, who relinquishes active duties May 31 as assistant general manager of the marine office of America and chairman of U. S. P. & I. agency was feted at a testimonial dinner in New York City by business associates and friends.

F. Elmer Sammons, president of Hanover Fire, was toastmaster and presented Mr. Kremer with a silver tray bearing the engraved signatures of MOA executive committee members. Mr. Kremer joined the marine office of America and U. S. P. & I. agency in 1929. He previously had been secretary of U. S. shipping board and emergency fleet.

Conn. Parents Liable for Children's Damage

The Connecticut house and senate have passed and sent to Gov. Ribicoff a comprehensive personal liability bill to make parents of minors liable up to \$250 for willful and malicious property damage done by their children.

The measure, designed to curb increasing juvenile delinquency and vandalism, provides that parents of children caught in acts of malicious damage could be sued up to \$250. Legislators expect the bill, though limited, to have a psychological effect on parents.

Describes Contractor's Financial Statements

An analysis of the items going to make up a contractor's financial statement was described by George Popovich, CPA, Los Angeles at the May meeting of Junior Surety Assn. of Southern California. At the June 6 meeting, Superior Court Judge Condee, Los Angeles, will outline the salient features of the probate code and how they affect the surety business.

New Charts Summarize Covers

Insurance Statistics, Inc., of Phoenix has introduced three wheel-type charts summarizing various coverages for quick reference. Presently available, are charts covering dwelling and contents forms, personal marine lines and automobile. The company intends making available similar references on bond, ocean marine, general liability burglary, aircraft and glass coverages. Author of the charts is Paul Johnson, independent adjuster of Phoenix and head of Statistical Engineering Co.

The publisher is located at 602 West Adams St., Phoenix. Price for each chart is \$4.75, but the three charts presently available may be obtained for \$12.50.

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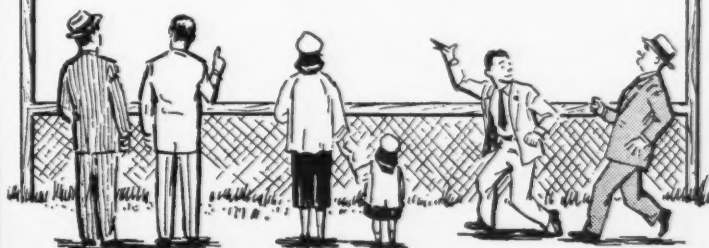
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S. E. Smith Discusses Automation in Chicago

(CONTINUED FROM PAGE 13)

likely to affect internal organizational structure. In many companies separate departments have been set up over the years because the most efficient way to handle large volumes of data was to have a separate unit or department to handle each major segment or step of necessary processing. In quite a few cases the data handled by two or more departments comes from the same basic source. In such cases, and where efficiency and speed can be increased by the use of electronic machines, a realignment of internal departments may result. Also, certain individual items currently handled on a decentralized basis may be centrally processed with greater efficiency and still not seriously disturb the many advantages of decentralization.

Electronics will not result in the loss of jobs in insurance. It will mean more jobs that are interesting and that allow the full application of human intelligence to replace those jobs that are dull, repetitious or monotonous. It will not result in a sudden and dramatic reduction in expenses but will reduce expense ratios gradually over the years by permitting companies to handle more business without incurring proportionate increases in expenses. Like most other advances, its greatest potential is in increased volume at reduced unit costs.

Advantages of more up-to-date statistical data and desirable information not currently available will be sizeable indeed, and will permit improvement in rating and underwriting procedures. But there will be definite practical limitations to the changes that can be realized, he said. No matter how up-to-date statistical data may be and no matter how quickly information is available on changing conditions in various lines, classifications or territories, certain realities limit what can be done.

Rate and classification changes can be made every so often. Even if conditions are changing very rapidly in certain classes or areas of the business, and equally responsive action can be justified, there must be pricing stability. Note the procedures that must be followed to effect changes under rate regulation and the 6-month to five year term policies are in effect at their initial rates. Also, the business cannot afford the adverse public reaction to a

confusing series of rapidly changing rates that would be disruptive to the insurance market.

A somewhat similar situation exists in the limitations inherent in individual company underwriting responses that may be made in conjunction with improved statistical information. Each insurer is going to attempt to obtain the best underwriting results it can. Improvements in pertinent information that will be made available from electronic processing will be of substantial assistance in this connection.

However, underwriting realities and responsibilities will continue to exist as they have in the past. Companies must meet the needs of their customers and their production forces.

The business has a responsibility at all times to furnish to the extent possible a reasonable market at a fair price for the legitimate insurance needs of all the public. This will not change, he said. Neither will the fact that, no matter how excellent the information available and no matter how many improvements in rating methods, at times some rates will be lower or higher than they should be, and underwriting results will continue to fluctuate.

Electronic development will be just one more step in the continuing improvement of the business. Mr. Smith hopes that early and widespread appreciation and understanding of the development may be realized. In this way the business may obtain the most progress inherent in electronic potentialities, particularly if done so as to avoid old fashioned inertia or spectacular—and disruptive—adjustments, and to produce steady day to day advances that result in orderly and permanent gain.

Sullivan, Klarnet Upped

Robert J. Sullivan has been named vice-president and general manager and Philip Klarnet has been named a vice-president of the New York public relations firm of Edward Gottlieb & Associates.

Open Indianapolis Agency

The Meyer-Norris agency to write all lines except life has been opened by James C. Norris, formerly with Meridian Mutual and Grain Dealers' Mutual, and Fritz O. Meyer, former secretary of the Otto Meyer Mortgage Loan Co., in Indianapolis. The office is at 713 Union Title building.

Hold Claims Managers Conference

District claims managers of Hardware Mutuals are holding a conference in Stevens Point this week. W. M. Slavik, claims field contacts manager, is general chairman for the meet.

K. C. Insurance Agents Meet

More than 300 members and guests of Kansas City Assn. of Insurance Agents met recently for the traditional spring party. In addition to the social activities, those present were asked to do all they could to secure passage of Missouri's agents' qualification bill.

Oks Auto Accident Cover

Gov. Leader has signed a bill passed by the Pennsylvania legislature authorizing attachments of disability and death benefits endorsements to the auto liability policy.

The Grigg Bros. and Butler agency of Ontario, Ore., has been purchased by Richard Grigg and is now at 99 S. W. Second avenue. The new name is Grigg agency.

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William E. Lersch, Vice-President

Arkansas Agents Elect Joseph at Record Annual

(CONTINUED FROM PAGE 2)

ident and one of its founders, which is conferred each year on an individual agent or local board which has made an outstanding contribution to the association or agency system.

William F. Conway received the Royal-Liverpool group award for having written the best sales essay during the year.

The association voted to recommend strengthening law and regulations for examination and qualification of agents and solicitors and to bring under the qualification law certain types of agents now exempted from its provisions. In another resolution, the association asked that commissions be paid to producers on workmens compensation assigned risks and that the matter be discussed fully with the state insurance department.

Commissioner Combs was commended for his administration and especially for recent actions relative to deviated fire filings.

The convention business sessions opened with an address by President Becker followed by a report from Mr. Maxwell, who warned that filing of independent fire rates with complete disregard for fire protection will mean a complete breakdown of fire protection standards. "If it continues, many municipal authorities will be prone to lower protection standards, water main extensions, maintenance of fire stations, equipment and personnel," he said. "We may have to take a new look at some of our regulatory laws."

He reported that a special NAIA committee, working for the past two and one-half years on the subject of meeting competition of direct writers, has found that the four direct writers making the largest gains have total expense ratios within 1% of the four leading agency companies and that direct billing and continuous policies do not contribute to reduced expenses but "become the first steps in elimination of the agent's ownership of expirations."

Reporting for the casualty committee, Gaylon Brown, Fort Smith, stated that, of 32 states with workmens compensation assigned risk plans, 10 provide for payment of commissions to producers on assigned risks with a commission scale of 5% in all states except Texas which has a graded scale. All states except Texas also make an 8% surcharge in rates divided as follows: 5% to producer, 2% for field supervision, and 1% for taxes and miscellaneous expense.

The traffic safety committee through William F. Conway recommended that the association lend its full support to the "Slow Down and Live" campaign to be started May 30 and that agents and local boards work with local school authorities in establishing driver training classes in Arkansas high schools. Only 19 of some 425 high schools in the state have such courses, he said.

Executive Secretary Kearney Dietz outlined the association's new advertising campaign to establish the word "insuror" throughout the state as the designation for the professional insurance agency instead of the term "agent". "Our first job is to let people know who is an insuror," he said. The campaign, to be handled by local groups, is scheduled to start about July 1 in all parts of the state and will tie in with similar advertising campaigns

underway in Tennessee and Mississippi.

One of the most productive sessions from the standpoint of local insurance problems was a 2½ hour forum of 30 or more representatives of about a dozen Arkansas local boards. With secretary Deitz and Thompson Hargraves, Jr., Helena, acting as moderators, this group went into details of: Organizing local "slow down and live" campaigns, how the "insuror insured" bumper tag campaign can be started, local board advertising programs and their financing, how to set up a suitable system of interchanging credit information, methods of handling public business, and holding successful local board meetings.

The General Adjustment Bureau film, "This Is Your Bureau", was presented by James F. Miazza, Dallas, southwestern department manager of G.A.B.

"The agent cannot expect to compete on a price basis unless he is willing to surrender most of those inalienable rights that he now possesses and which he has acquired only after bitter, vigorous battle through the last 75 years," Arthur O'Connell, Cincinnati, member of the NAIA executive committee, warned in an address evaluating the pressures of the direct writer upon the agency system. "The issue is so elementary, so fundamental as to be almost unreal. It is this: Shall we adopt the practices, principles and procedures of our competitors in order to meet his price? If the answer is 'yes' we must embrace quite willingly our very practical status as a company employee or at least as one whose interests are so closely interlocked with an insurance company that he could never afford to quit," he said.

"If your companies would keep your books, bill your accounts and collect your premiums your saving would be substantial and you could afford an equivalent income reduction," he continued. "Certainly there is nothing immoral about this procedure. It is purely a matter of whether or not the agent shall surrender his independence."

He cited flat cancellation procedure, multiple company representation, credit extension by agencies, and agency record keeping as part of the agency system's stock and trade which are part of its cost of operation. "We have no 'stubborn determination to resist change in methods or cost saving techniques introduced by competition' as implied by one company official who thinks our commission rates are too high," he said. "But the agents of this country must thoroughly understand that when we embark upon a labor saving, cost-cutting electronic program we must pay a substantial part of the bill. We cannot have our cake and eat

it too, and we cannot expect the company to do our office work at the same rate of compensation allowable when we perform these chores for our own accounts."

And, as far as continuous policies are concerned, Mr. O'Connell warned, these could be the "order of the day if we indicated their acceptability to our companies or even hinted that we would not object to their adoption. The evolution of continuous policies on any major scale would spell the eventual deterioration of the independent agency system, but what is more important, would destroy the property value of your agency almost overnight," he warned.

Commissioner Combs received a standing ovation when he was introduced by President Becker for a few brief remarks. "I do not intend to 'deviate' from my prepared speech," Combs quipped, an oblique reference to his recent ruling on fire deviations,

which brought a roar from the crowd. "I think we have reached the period in Arkansas where we must be careful about approving deviations," he commented.

The general session was brought to a close with an address by John S. Perry, Firemen's Fund, Chicago, in which he traced the development of inland marine insurance from the early 1920's to its present stage in which it is being challenged by multiple peril package policies. The new definition has materially broadened the field for inland marine cover, and the entire marine field has undergone great change in recent years, he said.

Some 163 ladies attending the convention were guests of Anderson & Newell, general agents, at the company's traditional ladies' luncheon while all men attending the meeting were guests at the agents' association stag. A dinner dance brought the convention to a close.

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Wind Up Allstate Hearings in New York

(CONTINUED FROM PAGE 1)

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not have a loss.

It is clear, also, Mr. Kaplan added, that the experience of no single company is broad enough to make rates by itself.

The study of the Lockwood legislative committee in 1920-21 led to amendments which put more teeth in the 1912 act, he said; it gave the superintendent authority over rates for the first time; protection of the right to pay dividends by mutuals came into the picture. Mr. Kaplan served as a member of that committee.

A committee appointed by the then Superintendent Pink in 1942 called attention to the dangers of open competition in fire rate making. It pointed out that a few large companies that could afford to cut rates would get the business and small companies would be forced out. Further, the committee said, the participating policy and dividends could be used to reflect favorable underwriting and expense saving.

Mr. Kaplan said that New York's philosophy of rate making was continued by the 1948 amendments to the rating law; they simply added material as to hearings and review of rates. The purpose of the amendments was to authorize and regulate cooperative action in rate making. They did not authorize open competition. Nothing proposed to discourage reasonable competition, he said, but that must be a condition insistent with cooperative action. A new section provided that an insurer need not become a member or subscriber of a rating organization, but, the law adds, uniformity is neither required nor prohibited except to the extent necessary to avoid discrimination

between like classes. The legislature thus recognized the need of uniformity to avoid unfair discrimination. The superintendent, he said, has the power to provide for uniformity.

There are no standards in the act different for any insurer from those which the rating organization must meet, Mr. Kaplan declared.

Answering Mr. Holz, Mr. Kaplan said he was not contending that Allstate had to pay the same commission as NYFIRO insurers, but he does say that the "independent" is bound by the classification system and town grades.

Under the rate making machinery that has existed for years in New York the companies are bound to the common experience for the common good of the public, he declared. This is not a right to make excessive profits or do anything else unreasonable.

No one, he said, has contended NYFIRO has charged unduly high rates. No one can devise a formula for a reasonable profit in fire insurance that guarantees it. For years, insurers have had just enough underwriting margin to get by—1.7% for 25 years, a period which included a depression and prosperous times.

Rate making, he continued, was initiated by the legislature, not by the companies.

He brought out that the general experience of all companies is essential for rate making. There are two alternatives—rate regulation that is binding for the common good and open competition.

"You can't have people running in and varying from the rate fixed for the common good," he declared. If one insurer has the exclusive right to charge lower rates, it will get the business. Up to 1948, a year in which Allstate did \$33 millions of premiums, that company operated on a participating plan in New York. Then it was granted the right to file reduced rates. By 1954 it was up to \$209 million.

"Where," Mr. Kaplan wanted to know, "is it going to stop. What is monopoly, anyway? We are interested here in doing the right thing for the fire insurance business."

Allstate's 8.5% for commission isn't commission but compensation to employees, he went on. Allstate agents probably are under social security. It is not proper to compare this "commission" of Allstate with the commissions paid to agents operating under the agency system. For what the Allstate agent is paid is an amount for soliciting; it is comparable to the local agent's take home pay. It is improper to say there is a spread of 8.5% to 25% between commissions of Allstate and those of other stock insurers, because the percentages simply do not measure the same things, the same functions, services, or procedures.

Also, he argued, if an insurer is adding \$50 millions of new premiums a year, and it relates its expenses to written premiums instead of paid, there is bound to be a condensation of expenses. Allstate shows its expense as 42.2% in its 1953 annual, sworn statement, not 25.9% as it claimed in its filing. If to this 42.2% is added 6 points, the difference between 8.5 and the 15% commission Allstate has to pay to get into the fire business, then Allstate's expense is 48.7%, compared with 4.4% for the stock companies. Add 46.3%, the loss ratio for fire busi-

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ness, convert it to an 80 cent dollar, and its combined loss and expense ratio will go four points over 100. If the same projection is applied also to extended coverage—and practically all of Allstate's fire policies contain the EC endorsement—the result is a loss and expense ratio of 113.9, Mr. Kaplan declared.

Without stability in the rating structure, the mutuals cannot survive, Mr. Kaplan declared.

In Allstate's filing there is no consideration given to EC loss experience, to the catastrophe hazard, to factors peculiarly applicable to dwelling business, to profits, and other standards set up in section 183 of the rating law.

Mr. Butler said NYFIRO contends the 1948 amendments to the state rating law did not change the elements in section 185, which provides a fire insurer the right to apply for a deviation as one means of reasonable competition.

The superintendent, he said, is mandated to hold the applicant for a variation in rates to compliance with section 183. This is the same section that provides the insurer the right to file independently. Consequently, he reasoned, the independent filer and the deviator both are bound by section 183.

NYFIRO further contends, he said, that Allstate, which could not meet the requirements of section 185 and deviate because it had to be a member or subscriber of the rating organization and it had no statistics of its own to support a deviation, is not entitled to greater rights than are granted the NYFIRO member or subscriber who must meet the standards of section 183. Yet Allstate, as an independent, is being granted greater rights than if it were a member or subscriber of the rating bureau, he declared.

Mr. Butler said that Sears operates Allstate in *subsidiary*, and that where an insurer operates in this manner, the superintendent is obligated to view critically the statistics it files in support of a rate reduction. It would be a great disservice to the insuring public if price were to get the large emphasis and service were to be de-emphasized in the granting of such a reduction, Mr. Butler said.

He brought out that Allstate has offered to purchase NYFIRO's town grade service, but that Allstate is in some cases applying different grades, which produces not a 20% but a larger reduction in rate. Generally applied, this practice will break down the grading system. It is contrary to law, he said, because it does not impose the same rate on risks of like exposure. As to the system of gradation, if there is more than one, there will be ample opportunity for discrimination.

Mr. Moser said Mr. Kaplan had seen fit not to mention the fact that here was an indictment in the SEUA case alleging that "these same companies" controlled 90% of the fire business in six states. That, Mr. Moser said, is a strangely familiar percentage. There were charges of fixing of rates and commissions, of boycott, coercion and intimidation, of forcing companies into the combine, etc.

Now, he said, there is the amazing argument that all the 1948 legislation intended was to perpetuate the philosophy of fire rate making.

He said he never advocated open competition. The rating laws don't provide for that. Insurance departments pass on rates. Allstate, he added, can't sell and it doesn't want to sell insurance at an inadequate rate or merely to corner the business.

The good intentions generated by the fears of 10 years ago have dimmed, he declared, and the old guard again is attempting to preserve the status quo. Deviation? Why should Allstate ask its competitors if it can deviate—they don't like deviation.

These companies, he said, are on hand, acting in concert under the guise of this proceeding, to seek to make a company join them and to be bound to sell fire insurance only on NYFIRO terms.

The hearing has produced, Mr. Moser continued, reckless and unsupported charges of subsidy of Allstate by Sears. This was shattered by the facts. What has really been proved, he said, is subsidy of their agents by these companies and subsidy of the dwelling business by the mercantile.

NYFIRO has charged the insurance department with incompetency in approving rates on a permissible loss ratio, he declared. In the face of the whispered suggestion that dwelling rates were always inadequate for NYFIRO companies, there was sworn testimony, he said, that dwelling business has produced a profit for the companies.

NYFIRO has said the independent company must justify its rates by unit cost, by cost accounting methods, etc., yet these tests are not applicable to members of the lodge, Mr. Moser said. They have ignored the superintendent's repeated request for expense figures on dwelling business. This is typical, he added, of the extremes to which this lodge will go to preserve the status quo.

He said NYFIRO's 10% rate reduction last year was no *pro bono publico* but because they were asked by the department to review their rates. NYFIRO didn't say, in those negotiations, that their expense ratio figures are not applicable to the dwelling business because the figures commingle several classes. If their rates are inadequate, why don't they adjust the rates, why doesn't the department direct them to adjust the rates? Mr. Moser asked. If the rates are adequate, why don't they quit talking about them and about Allstate's use of them?

There are NYFIRO companies that write their own policies in branch offices, do the billing and collecting, Mr. Moser added, just like Allstate.

In connection with expenses, he emphasized that Allstate's cost of writing fire business can't be judged as if it were starting in business from scratch. It is essential to view fire as part of an integrated operation. Allstate, to write fire, is not going to need an additional president, vice-presidents, sales managers, home office, etc.

Anyway, he said, rate making is not an exact science. Suppose Allstate doesn't make 4% the second year, as projected, but only 1% profit. The superintendent should not substitute his judgment for that of management in this area. The company doesn't intend to write fire at a loss. What if it does? NYFIRO has no vested right to be the only one to do so.

Mr. Moser recalled that he had told Mr. Holz whatever the NYFIRO rate Allstate would be 20% under. Mr. Moser now added—all other things being equal. If Allstate expenses go up, or NYFIRO's go down, it could not write 20% off. He said he was not contending 20% is the figure, willy nilly.

Congress, the commissioners, and the industry have said clearly that price competition is in the public interest, he declared. If mutuals, or small companies, or any one company cannot compete, okay—that is one of the

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penalties that must be paid in this economy, he said.

He noted that Allstate was selling insurance at a reduced rate and not via participating policies in many states before 1948.

Allstate did not, he said, take the public's money in advance, make an investment profit on it which it pocketed, and then return a dividend and say it was doing business at cost. Does this kind of practice need protection, he wondered.

If the rating laws mean absolute uniformity of rates, the all-industry committee perpetrated a great fraud, he declared.

As to EC experience, at 20% off Allstate won't lose any more on its 80 cent dollar than NYFIRO companies will on their 100 cent dollar, he said.

He said Allstate has offered to pay the 1% which NYFIRO charges as an assessment for its entire operation, as a contribution for the town list.

But money is not their price, he said. They are not willing to sell for dollars, no matter how many, even though the law allows Allstate to use the list.

What NYFIRO wants is Allstate's freedom, he declared, its independence. It wants to sign up Allstate to sell at NYFIRO price on its forms.

"If that is the price, we'll never pay it," declared Mr. Moser. "We are not going to be awed by their strength, power and temporary victories—as in Washington state." The Sherman act prohibition against intimidation and coercion still applies, he declared.

He urged Mr. Holz to resolve any doubts about the correctness of the

20% rate cut in favor of Allstate management.

Mr. Holz asked Mr. Moser if there could be adequate insurance protection without a rating organization. Mr. Moser said there could be a bureau to collect over-all loss experience, from which companies could make rates on their own expenses and statistics.

At the close of direct and cross examination, Allstate put on the stand William Corcoran of Wolfe, Corcoran & Linder, consulting actuaries of New York. Mr. Corcoran indicated he had been the consulting actuary for Allstate since 1933, and he testified that lower commissions and efficiency of operation were big factors in its lower rates.

He was cross examined by Mr. Kap-

lan on the make up of the expense ratio of Allstate, 42.2% and that of all stock companies, 44. Mr. Corcoran admitted that it was made up on the same basis as published by the New York department, that only commissions and taxes were related to written premiums, and all other expenses were related to earned. Why, Mr. Kaplan wanted to know, does Allstate show a one-tenth of 1% commission, compared with 20.5% for stock companies? Mr. Corcoran said Allstate does pay commissions, but they are not included in the exhibit as commissions because of the way they are paid. They are classified as salaries. Consequently the 8% average that Allstate pays for this part of its expense should be related to written and not to earned premiums. If this is done, Allstate

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would show a 40.9% expense ratio related to actual premiums and 35% if premiums are projected on a bureau level. This is a difference of nine points.

There was another exhibit with only the adjustment expense related to earned premiums, all the remainder related to written, which resulted in a showing of 38% expense for Allstate on its actual premiums, and 32.8% in relation to bureau premiums. Mr. Corcoran said he thought this was a fair comparison.

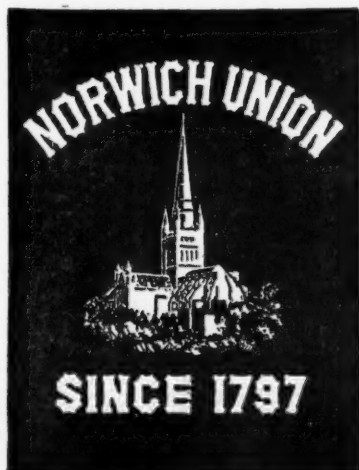
Mr. Kaplan questioned Mr. Corcoran on his background and the business of his firm. He asked if the latter were not chiefly casualty, pensions and the like. He asked him if his organization had not developed a formula for National Board for converting written to earned premiums. He said it had. Mr. Kaplan asked if on tax returns incurred expenses are related to earned premiums, and not written, for the determination of underwriting profit or loss. He said yes. Mr. Kaplan asked if this weren't the base for rate making. Mr. Corcoran said he did not know. Mr. Kaplan asked him if he didn't agree with the New York department the way it set up expenses. Mr. Corcoran said he thought it was not the best way, that too many items were related to earned instead of written.

Mr. Kaplan tested him on this point and said that regulation 30 requires use of earned premiums to determine acquisition cost. Asked where Allstate got the one-tenth of 1%, Mr. Corcoran said it had a few agents paid on a commission only basis.

P. M. Winchester, general manager of General Adjustment Bureau, testified that cost of adjusting dwelling business and dwelling losses is approximately 7% of earned premiums.

His testimony brought out that in 1954 GAB handled 240,000 fire losses, 197,000 automobile PHD losses, about 80,000 third party claims, and 435,000 windstorm losses, for a total of more than 1 million.

Mr. Winchester said the average automobile PHD loss was \$247, wind \$160 and fire \$1,080. He estimated that the average dwelling fire loss was less than \$200, based on a test check of 735 western New York losses selected at random. The average loss was \$130.50. Claims handling cost is about 11% of paid loss. He said GAB gets a monthly report of losses under \$200, and that 11% adjusting cost (in relation to paid loss) on this size claim does not include a travel charge per loss of \$5.40. Beyond this, the insurer has some expense on such losses estimated to increase this loss to adjustment cost figure by about 40%.



New 'Time Saver' Available; Analyzes A&H Policy Forms

The 1955 Time Saver for A&H insurance, the annual reference book of policy information, has been published by The Accident & Health Bulletins of National Underwriter Co. Cincinnati. It contains more than 1,000 pages this year, which makes it larger than previously, but its price remains \$6.50 a copy.

It is the 32nd annual edition of the book, and there is evidence of a working away from the traditional method of describing policies, to a modernized and streamlined arrangement. It contains answers to countless questions regarding policy coverages and premiums.

The book describes the commercial and non-cancellable contracts of 100 companies and organizations. The contracts include those developments in which current interest is high, as in major medical expense forms, guaranteed renewable policies, deductible hospital expense coverage, also the new non-cancellable coverages introduced by represented companies that have entered the field in the past year. The policy descriptions give the coverages, exceptions, premiums for all ages, limits written, and supplemental data. Riders attachable to the policies are described and cross-references identify them with the policies to which they apply.

Specimen provisions of group contracts, hospital plans, and medical-surgical plans are outlined. The wording of the uniform individual policy provisions is given and the provisions are compared with the old standard provisions, which are also given. The descriptions of disability provisions issued with life policies of some 170 companies have been revised for easier reference. The financial statement section lists the 1954 premiums and losses of almost 650 companies, with separate tables for group and non-cancellable.

Compensation Benefits Rushed for Men Hurt in N. Y. City Mishap

Miss Angel R. Parisi, chairman of New York workmen's compensation board, reported that within 72 hours after the collapse of a concrete floor of the New York coliseum, now under construction, WC benefits and medical payments were started for the 68 injured, and the death claim was processed for the family of the one worker killed.

U. S. F. & G., which carried WC for all contractors on the project except Bethlehem Steel—which is self-insured—assured Miss Parisi that the benefit payments would be started immediately instead of the usual 18-day waiting period.

Clarifies Ohio Mutuals' Maximum Risk Law

The maximum single risk which may be insured by a domestic mutual company for a single cash premium is established by Ohio law so the maximum risk need not be established in the articles of incorporation or bylaws, Ohio Attorney General O'Neill has ruled.

As set out in the law, he said, domestic mutual companies may issue policies on which the risk exceeds 5% of the company's assets, but does not exceed the maximum single risk as defined by law, if they are issued for a

cash premium payable in advance and a contingent liability of the policyholder of not less than one, nor more than 10 times the cash premium, but it may not issue policies on which the risk exceeds 5% of assets and for which the policyholder pays a cash premium in advance but assumes no contingent liability. No domestic mutual company can issue a policy solely for a cash premium unless it has provided for such policies in its incorporation, and they are expressly prohibited from

issuing policies for only cash premiums unless its surplus is as great as that required for a capital stock company.

Tells Fire Group of New Vaccine

Members of Southern California Fire Underwriters Assn. at a Los Angeles meeting heard Dr. L. S. Goerke, professor of preventive medicine and public health at University of California at Los Angeles, describe the use of the Salk polio vaccine and its use in eradicating the disease.

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Panel Answers Corporate Insurance Queries for AMA

(CONTINUED FROM PAGE 1)
ols, assistant treasurer of Standard Oil of Ohio, said insurance buyers can bring pressure to bear on organizations to keep out federal intrusion.

Mr. Braddock also commented on the lack of coverage capacity in new fields like atomic energy, where "fantastic" coverages are asked. Capacity cannot be obtained at the "bargain counters." He cited the case of a firm which hoped to obtain \$1 million worth of coverage for \$1,000. Capacity is lacking because "there's been too much bargain basement buying," he concluded.

It is hard to say whether preferred risk rating plans pay their way, Mr. Forest said. Pressure must be brought by the forces responsible to discourage bad driving. Mr. Bohlinger remarked he had urged New York companies to adopt a surcharge and discount plan, since the driver with a good record feels he should receive a discount.

Mr. Fleischhauer said his organization did not do well in experimenting with renewing fire policies by certificate. He thought multi-year issuance to save expense is a sound idea that will find favor, however. Mr. Daenzer said agents like the idea of controlling the business that is placed. Continuous policies portend a cut in renewal premiums, and agents do not like that idea. He suggested that agency contracts might be written to keep business in the control of the middleman, even though the policies are issued for several years.

Holding receptions at the AMA insurance conference were Marsh & Mc-

Lennan and Rollins Burdick Hunter. Lumbermens Mutual Casualty held an open house and sponsored a breakfast. Executives on hand from the home office included N. C. Flanagan, G. C. Bonstelle, Robert Dewey, Walter R. White, Leonard Larson, Frank Comp-ton, and Paul Steinkamp.

Cunningham to Dallas for Southwest General

Warren Cunningham has been appointed special agent for Southwest General with headquarters at Dallas. Since 1952 Mr. Cunningham has been with the W. E. Harlan agency at Houston. He entered the business in 1946 and has had company experience including several years with American Automobile at Houston.

Wendelken in New Post

Robert E. Wendelken of Columbus will enter upon his new duties as executive secretary of Ohio Association of Mutual Insurance Agents June 1. Gilbert Harsh of Minerva is the new president and new directors are Ben C. Sager, Cleveland; Roger J. Warner, Arcanum, and Marvin L. Pearce of Fremont. Tom Nuckles of Marysville has been named a director to succeed Ray Miller, resigned.

Cal. Marine Underwriters Elect

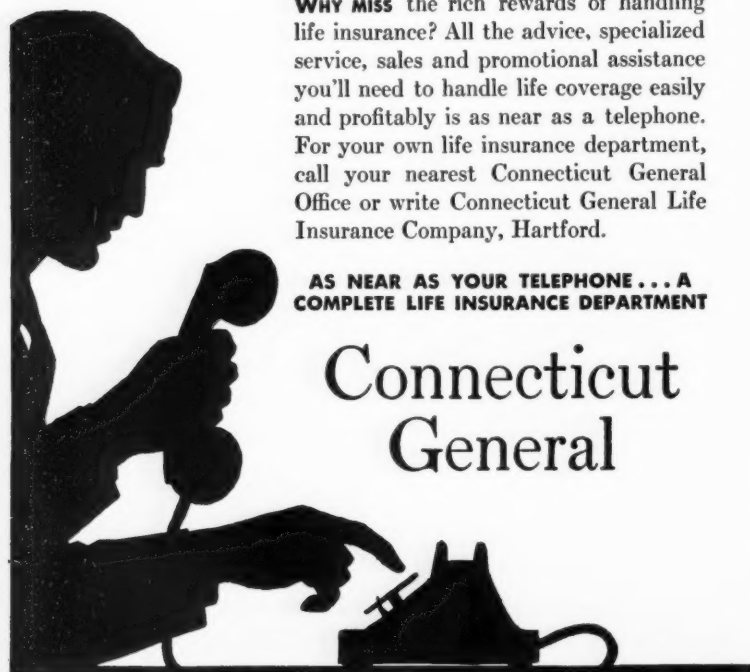
Marine Underwriters of Southern California has elected George W. Zeigler, marine secretary, of Founders', president; Shirl E. Knight, special agent of Great American group, vice-president; Robert Williams, inland marine secretary; and Walter Baumhefner, superintendent of the marine department of Hartford Fire, treasurer. Vincent Nuccio, vice-president of Insurance Exchange of California, spoke on rating and coverage of the commercial floater policy at the meeting.

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1,200 Texas Agents Rally at Convention

(CONTINUED FROM PAGE 1)

to maintain a firm uncompromising position in a matter of value."

He said being a stock agent is a "matter of value" and essential to the philosophy of American government. Stock agents stand for the "doctrine of free enterprise," and should assume their responsibility to preserve this principle.

He urged the agents to inform their clients in business and industry that stock agents are one of the "fundamental cells for the preservation of this principle."

He said that the agents occupy one of the most unique positions in the annals of business because they are the legal representatives of their principals, their companies and yet are the undisputed owners of the accounts in the form of their clients insurance renewal.

He said agents can truthfully and conscientiously justify their position because their business, conducted in the interest of the public, has resulted in the American public being the "best insured race on the face of the earth."

He maintained that since the "position of the agent in the insurance profession is right," they must seek the solution to whatever problems beset their segment of the industry by maintaining the "courage of their convictions."

In a review of his first year as fire commissioner, Mr. Wentz said one of the highlights was the approval of the all physical loss form, which "created an exceptional interest both within and without the insurance industry." He said it was predicated on the growing demand of the industry and the insured for broader coverage. He expressed the hope that it would continue to meet with favorable reception and pave the way to broader and more equitable forms of insurance coverages in the future.

Mr. Wentz pointed out that the fire division had been without an active commissioner for 15 months prior to his appointment. He said the division has issued rulings and amendments on the majority of 67 items carried over from four years of previous hearings and on many of the new items and briefs presented since he took office.

He reported that rate reductions during 1954 produced a saving to the Texas policyholders in excess of \$1,400,000.

Mr. Neumann said that the agents position in the middle of the insurance business requires him to interpret the policies of the companies to the insurance buyer and to merchandise an intangible product. He must also interpret the desires and needs of the insured to the companies, he said.

He pointed out that representatives of stock companies sell 75% of insurance sold and said that no other group of salesmen is so fortunate.

He asked for a unified form among agents and said that specialty and direct writers are no threat to the agency system unless the agent believes so. He said the companies will remain sold on the agency system so long as the agent produces what is expected of him.

Mr. Gray presented a plan for the payment of insurance in monthly installments which will eliminate the collection of balances by the agent.

Hal A. Gullede, Dallas agent, opened the automobile insurance panel

with a review of developments which led to establishing educational course requirements for the CPCU.

Thomas A. Chatfield, vice-president of the Loyalty group, discussed the new automobile classification rating program. He reviewed the experience of automobile coverage during World War II and the growth of losses in the years after the war. He explained that classifications used during that time enabled participating and direct writing companies to siphon off better risks and select only profitable business. He said changes in automobile risks classification in Texas is a move to let each type of risk bear its proper rate. Under the old classification, he said, the stock companies which continued to write automobile risks during the disastrous loss period tried to serve all the bad risks.

Jack Culbertson of John S. Dunn & Co. urged that agents read the new automobile policy carefully so they understand the advantages of the medical payments clause and the other advantageous merchandising points as well as those features to which the buyer might object.

Myron Steves, Myron F. Steves & Co., explained other driver provisions, excess coverage and recognition of wives of insured men as they pertain to new automobile coverages.

In a talk on meeting automobile competition, Fred A. Rhodes of Julius Levi & Co. said he is opposed to any plan for cutting the agents' commission. He said direct writers have been smart in merchandising automobile insurance and have something to sell. He suggested that agents study the Allstate merchandising plan and the service offered by the company. He urged agents to become familiar with services they can provide so that they can meet competition and attract buyers of automobile coverage.

James Miazza, manager of the southwestern division of General Adjustment Bureau, described the services offered by his organization to stock companies and showed a film, "This Is Your Bureau."

In pre-convention sessions, "Local Board Placement of Public Insurance" was discussed by a panel composed of Jack C. Curtis, executive secretary of Dallas Assn. of Insurance Agents; John W. Daniel, executive secretary of Insurance Exchange of Houston, and Francis Ludolph, secretary of San Antonio Insurance Exchange. The panel members discussed the problems of meeting competition from non-exchange insurance operators through a detailed study of the needs of the city, selling of the cities' authorities on service and elimination of political elements which may lead to controversies. The panel emphasized service and the true value of the coverage offered by the represented stock companies as the decisive factor for buying protection of city property.

Mr. Pearson, TAIA public relations committee chairman, outlined the public relations and advertising program of the association. He said the program was designed to build good will for stock company insurance and for the local agents of these companies.

Jack R. Maguire, director of public relations of Texas Insurance Advisory Assn., explained the "Texas catastrophe plan" and described methods employed in its use in disasters. He said it was valuable in building good will

through prompt service and in decreasing mental anguish of the insured who suffer losses in a disaster.

The banquet speaker was Clayton Rand, editor and columnist from Gulfport, Miss., who urged the agents to provide the opposition needed to meet the efforts of those who would socialize America.

One of the highlights of the banquet was the presentation of steamer tickets to Hawaii for Drex G. Foreman and his wife. Mr. Foreman has served 30 years as executive secretary of the Texas association.

Henry D. Mason, president of the Wichita Falls Insurance Exchange, presided at a pre-convention conference of local association officers.

Rearden Predicts Fierce Fight for Auto Line

(CONTINUED FROM PAGE 1)

ness written by fire and casualty companies.

Therefore, he said, the climate is right for a fierce competitive struggle for the available business. Companies can no longer rely upon a steadily increasing volume of business to enable them to keep the automobile premium income on a level with that of last year, when it exceeded \$4 billion.

Mr. Rearden also noted that committees have been appointed to study the development of a special policy for private passenger automobiles, and to study, analyze and make recommendations as to the rating formula and rating procedures with a view to mak-

ing the rates even more responsive to changing conditions. He said enough information has been developed thus far to indicate that adjustment should be made in certain regions.

NAUA has a working agreement with National Bureau of Casualty Underwriters and when the joint staff committees meet both organizations are permitted to have representatives attend should matters of joint interest be discussed.

Mr. Rearden also deplored those companies who became panicky in 1954 and decided to adopt a "go it alone attitude apparently forgetting many of the lessons learned in the chaotic periods of rate wars."

Conklin Says Won't Appeal Ark. Ruling

Assurance of America, Northern of New York affiliate, will not appeal a decision by Commissioner Combs of Arkansas denying the company's application for fire insurance rate deviations in that state, according to President Charles H. Conklin.

Mr. Conklin said, "We are not going to do anything about it. If the commissioner wants to deprive the people of lower rates, that is his business."

Assurance of America had applied for a 20% deviation from Arkansas Inspection & Rating Bureau rates on dwellings, apartment houses and their contents and a 15% deviation on all other classes. The request was opposed by the bureau.

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Name Hatch President at Georgia Agents Meet

(CONTINUED ON PAGE 32)

petition. Another resolution asked fire and casualty companies to cooperate on advertising the agency system and another asked all insurance interests to cooperate on legislative matters.

C. R. West, St. Simons Island, moved up to first vice-president and W. C. Dykes, Cochran, is the new second vice-president. Harry M. Carter, Savannah, was reelected state national director.

The meeting got off to a good start Wednesday with executive committee sessions and the past presidents dinner at the Piedmont Driving Club and was playing to a crowded house at the opening session Thursday morning when President Walker gave his report and H. D. Combs, Baltimore, senior executive vice-president U. S. F. & G., discussed the importance of proper claim handling in producing business.

Mr. Walker after reporting the growth of membership and the excellent financial condition of the Georgia association, said that the legislative problem is a serious one. Not only does the association need the unstinted cooperation of every member, but the whole insurance business needs more qualified agents to seek seats in the house and senate. He devoted much of his report to the present competitive situation—a theme which ran through nearly all talks on the program. Using the quotation "When the wrong people stop to give you a lift, they can let you out a long way from home", he warned agents to beware of many of the proposals for meeting competition. No one should resist change just because it is new or because it may upset one's established habits, but every proposal should be carefully examined in the public interest and in its long range effects, no matter what it may promise temporarily. Specifically, he warned his audience that excess commissions may result in decreased service, claim handling and security; while machine-handled coverages, on a lower per-unit commission, may force agents to cut down on their service and eventually assume a much lower position in the business than they now rightfully have.

Simultaneous forums, with lively discussions, started the afternoon. R. L. Bethea, Louisville, presided at the rural and small lines session, at which competition and new forms were the principal topics. Jack Brown, Rome, was in charge of the larger agents forum, which featured J. N. Cosgrove, Newark, secretary, American.

Mr. Cosgrove showed his company's new film, "Sell the Whole Umbrella", which emphasized the importance of the personal service and counseling of the agent in setting up the protection of the family, in contrast to the danger of the insured relying on hit-or-miss buying of unintegrated policies from one source and another. Following Mr. Cosgrove's talk, there was a lively discussion of help available to agents through such sources as the rating bureau, Factory Insurance Assn. and inland marine offices. The afternoon closed with a general session on driver education in the secondary schools and how agents can assist in setting up their programs. Paul Morrison, Columbus, presided and T. A. Carmichael, coordinator of driver training for the state education department, told what has been accomplished in Georgia to date.

Friday morning featured J. F. Neville, New York, in his last appearance as executive secretary of National Assn. of Insurance Agents, on agency licensing laws, and J. C. O'Connor, Cincinnati, executive editor *Fire, Casualty & Surety Bulletins* of The National Underwriter Co. on the importance of knowledge in meeting competition. It was in the nature of a reunion for Mr. Neville, since he and Messrs. Cosgrove and Fairleigh had worked together at NAIA for a considerable time.

Mr. Neville was given an ovation mixed with regret when it was announced at the conclusion of his talk that he is leaving NAIA to become associate secretary of American Insurance Assn. at New York. There was a bit of kidding involved, because the announcement first referred to his becoming "assistant secretary of American Insurance Co.", which resulted in his being twitted about taking orders from Mr. Cosgrove in the future. That was straightened out and Mr. Neville was given a plaque signifying honorary life membership in the Georgia association.

Following Mr. O'Connor's talk and election, the Georgia agents enjoyed a skit entitled "The Impossible," written by C. E. Johnson, Atlanta, executive special agent New York Underwriters. The locale was a hypothetical agent's office and the three characters went through some gyrations with just enough familiarity to agency life to make them enjoyable. J. A. Brooks, Atlanta, Southern General, played the agent, A. B. Johnson Atlanta, the field man, and Mrs. Eunice Kennard, Macon, the secretary.

Mr. Walker got a hand at the close when he announced that the registration of agents only had exceeded the total registration at the Savannah meeting last year and that the dinner had to be moved from the hotel ball room to the exhibit hall because of the attendance. Three visiting state association secretaries took a bow. They were Lloyd Greer, South Carolina, H. L. Kennedy, Alabama, and George Goss, Tennessee.

The social side was not neglected, with the past presidents dinner, at which Progressive Fire was host, a buffet dinner and dance Thursday, a golf tournament Friday afternoon, with prizes donated by Employers Liability, and a cocktail party before the dinner Friday evening, at which the conventioners were guests of the Atlanta board. Commissioner Cravey installed the new officers and W. E. Harrington, Atlanta, past NAIA president, presented the annual awards. Ford, Lemmond & Co. supplied the entertainment, which was music by the Emory University glee club. G. B. Leonard, vice-president Pacific National, entertained a large group of agents Friday morning at a breakfast which featured fried chicken and grits.

Duke Reelected NFPA President

National Fire Protection Assn. at its closing session at Cincinnati reelected T. Seddon Duke, Star Sprinkler Corp., as president. Other officers are: 1st vice-president, John A. Neale, National Board; 2nd vice-president, Henry G. Thomas of Hartford, Conn., fire department; secretary-treasurer, Hovey T. Freeman, Manufacturers Mutual Fire; chairman of the board, Richard E. Vernor, Western Actuarial Bureau.

Malcolm S. Blake of the insurance department of Bethlehem Steel was

elected to the board for three years, and the other board members were re-elected.

Pilling Advises Detroit Agents to Combat Gloom

(CONTINUED FROM PAGE 2)

as their mutual or direct-writing competitors.

Stock companies using the agency system are in effect leaving the competition farther and farther behind in aggregate writings, he maintained. Figures of Assn. of Casualty & Surety Companies show that from 1940 to 1953 the ratio of increase of stock to mutual was: Automobile (all lines) 2.73; workmen's compensation 1.62; PD and collision other than auto 4.20; liability other than auto 3.69; glass 8.03; burglary and theft 11.89; fidelity 8.85; surety 55.48, and boiler 2.31.

With respect to public relations, he mentioned two public opinion polls, on automobile insurance made in New York in 1953 for Assn. of Casualty & Surety Companies and a national poll on the business in general made in 1943 for American Newspaper Publishers Assn.

In the New York poll on automobile companies, only 6% disliked them, and only 4% refused to answer. "That leaves 90% of the people whose opinion toward us ranges from fair to superior."

In the 1943 survey, 63% of those interviewed thought the companies as a whole served the public efficiently and honestly; 31.9 rated them as good as the average business, and less than 6% were frankly against the insurers.

"I hold these facts to be a triumph of business integrity and positive proof of good public relations," Mr. Pilling declared.

Mr. Pilling said he wondered how business could be bad when in 1900 54 companies comprised the entire casualty field writing \$26,782,000 in premiums, and in 1949 there were 800 such companies writing \$4,750,000,000. Only four years later, in 1953, there were 1,000 companies writing casualty business to the tune of \$8,684,000,000. "We have hardly begun to visualize the extent of the business that is waiting to be written by producers who have more sell and less yell," he remarked. "One company after another has surveyed the market and found vast numbers of people who have no insurance because an enterprising agent never got around their way. And there are equally vast amounts of new business to be written in the form of additional coverages at increased limits for people who now carry insurance."

There is a great security consciousness in the country today, and the public is looking to the insurers to provide most of the security money-wise, he said. There is no desire to have the government going further into the insurance business.

As to price, Mr. Pilling said the difference between the rates of stock companies supporting the agency system and direct-writers is largely commission. The somewhat higher premium of the stock companies is charged "in return for a far greater service." He said this service costs the average Michigan insured 75 cents to \$2 a month, which he termed most reasonable when compared with service fees in law, medicine, plumbing, electrical work or bricklaying. In return for it the insured receives the benefits of important technical knowledge, unbiased advice which may be in certain cases worth thousands of dollars, coverage that is adequate in

amount and scope, credit and a continuing interest in the customer's welfare.

He urged the agents to quit worrying about competition and go out instead and get the new business that is waiting to be written. "Let's measure our future by the newspaper headlines telling of great scientific advances," he urged. "Let's measure price not by the competition's yardstick, but by our own yardstick, which is quality, protection and service."

"Let's start talking about the good things in our business. I shall never count competition as a problem. I shall always count it as a blessing, and the stiffer it becomes, the greater the blessing—because competition is the life of free enterprise and the spice of initiative."

Pritchard & Baird Elects 2 Pritchards

The reinsurance firm of Pritchard & Baird, New York, has elected Charles H. Pritchard Jr. vice-president and William G. Pritchard assistant secretary. Both Pritchards, sons of the head



C. H. Pritchard, Jr.



W. G. Pritchard

of the firm, have been associated with the office their entire business life.

Charles H. Pritchard Jr., has been active in the business except for recall into the marine corps. William G. Pritchard began with Pritchard & Baird after service in the air corps. Both have spent considerable time in London as a part of their reinsurance training to get first hand knowledge of the operations of the London market.

Lederer Named Chairman of Midwest Conference Group

Emil L. Lederer of Chicago has been named chairman of the midwest conference committee of the Midwest Territorial Conference of NAIA. The conference committee was formerly known as the George Carter Committee. Robert M. Byrne of Omaha is the vice-chairman.

H. T. Moran of Oklahoma City was named chairman of the future progress committee of the territorial conference.

Rainier Nat'l, Western Pacific Plan Merger

Rainier National of Seattle will be merged into Western Pacific of Seattle, probably in the first week of June. President D. C. Burnham of Western Pacific announced plans for the merger, which will produce a combined total assets of \$2,750,000.

Approval of stockholders is still needed as is that of Commissioner Sullivan of Washington. The plans are for Western Pacific to issue debentures to pick up the equities of Rainier National stockholders.

The annual premium of the combined organization will be more than \$3 million, and the headquarters will remain at the new Western Pacific building. The expanded Western Pacific will write multiple line in Oregon, Washington, Idaho and Alaska. Austin F. Case is president of Rainier National and is also president of Northwestern Life. He will remain in the latter position.

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Offers substantial protection now through low-rate term insurance—changes to
permanent insurance after the 2, 3, 4 or
5 year term—when income has increased

For Up and Coming Young Executives

New York Life's Term-Whole Life Policy is ideal for young family men just starting out—responsible men whose present salaries are modest, but who expect substantial increases in the next few years.



For "Just Beginning" Professional Men

Professional men, starting in practice, have usually invested heavily in education, equipment and facilities. This insurance plan enables them to provide substantial protection for their families when financial resources are lowest.



For Businessmen who are Long on Prospects —Short on Cash!

Sometimes, men wish to reinvest their funds in their business. With this Term-Whole Life Policy they can protect their families well—right now—without waiting for further returns from their invested funds.



HERE'S HOW IT WORKS: New York Life's Term-Whole Life Policy gives you family protection at the low rates for term insurance—rates any up-and-coming young man should easily be able to afford right now. The minimum policy is \$10,000.

When your policy changes to Whole Life after the 2, 3, 4 or 5 year term you've chosen, you'll undoubtedly be in a better position to pay the increased premium for permanent insurance. You'll own permanent Whole Life insurance that rapidly builds big cash values—for emergencies or for your own retirement.

When you buy a Term-Whole Life Policy, you know today that you can always have insurance protection—regardless of future changes in health.

HERE'S WHAT IT COSTS! Say you're age 30 and take out a 4-year Term-Whole Life Policy for \$10,000. Your annual premium during the first four years will be only \$84.30. After the fourth year, the premium increases to \$228.50 annually. However, dividends can be applied to reduce payments. At age 65, your policy will have a cash and loan value of \$5,670 plus any dividend credits.

To get the figures for your age, see your New York Life Agent—or mail the coupon below.

NEW YORK LIFE'S 110th ANNIVERSARY! New York Life, a mutual company, was founded in 1845. It is one of the strongest legal reserve life insurance companies in the world, with offices throughout the United States, Canada, Alaska and Hawaii.


MAIL COUPON TODAY!

New York Life Insurance Company, Dept. T-10
51 Madison Avenue, New York 10, N. Y.
(In Canada: 320 Bay Street, Toronto, Ontario)

Please furnish me, without any obligation, full information on your new Term-Whole Life Insurance plan, minimum amount \$10,000

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INSURANCE COMPANY

A MUTUAL COMPANY  FOUNDED IN 1845


The New York Life Agent in Your Community is a Good Man to Know



"Eager to Serve"

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NEW YORK LIFE
INSURANCE COMPANY

A MUTUAL COMPANY  FOUNDED IN 1845

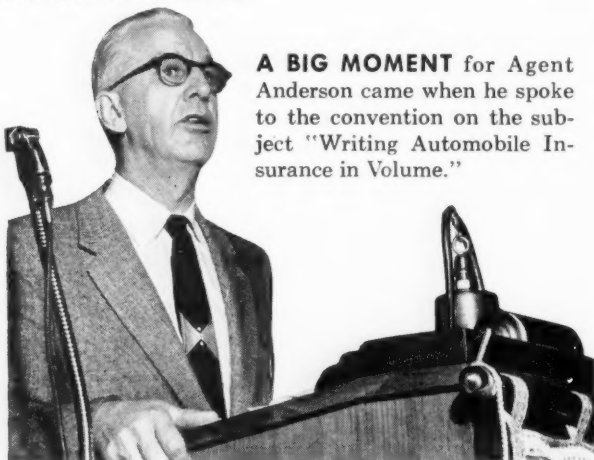
Modern policies for modern needs include Ordinary Life Insurance, Group Insurance, Accident and Sickness Insurance and Pension Trusts.

MR. ^{and} MRS. ANDERSON GO TO ST. PAUL

State Farm agent J. R. Anderson of Des Moines, Iowa is a member of the State Farm Leaders Club—an honor reserved for the company's top-producing, multiple-line agents. In 1954, Agent Anderson achieved balanced production in all three lines—auto, life, and fire—and exceeded the Club's minimum of at least 100 new auto applications, \$100,000 in paid new life insurance, and \$1000 in fire premiums. He thereby qualified to attend the convention for his region held in St. Paul, Minnesota the week of April 18, 1955. And, in keeping with State Farm's "family" traditions, Mrs. Anderson was also invited.



WHAT'S NEW?—The convention gave Agent Anderson a chance to meet with 130 fellow Leaders from Minnesota, Iowa, Montana and the Dakotas. Here he chats with Agent Svend Nylund, Hibbing, Minnesota, and District Manager Delbert Wallentine, West Burlington, Iowa (to his right) . . . and Montana State Director Francis Mack.



A BIG MOMENT for Agent Anderson came when he spoke to the convention on the subject "Writing Automobile Insurance in Volume."



This spring, 1006 representatives from State Farm's agency force will attend regional conventions of the Leaders Club in six major U. S. cities: St. Paul, Kansas City, Chicago, San Francisco, Baltimore and Atlanta.

State Farm is proud of these career men and their achievements. Each of them is one more reason why State Farm continues to insure more automobiles than any other company in the world.

This is another in a series of advertisements to acquaint you with State Farm Mutual Automobile Insurance Company. Home Office: Bloomington, Illinois. If you want to know more about any aspect of State Farm operations, simply write: "Director of Public Relations."

